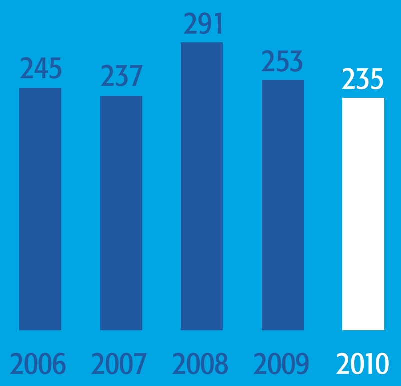
MaxiTRANS Industries Limited Annual Report 2010

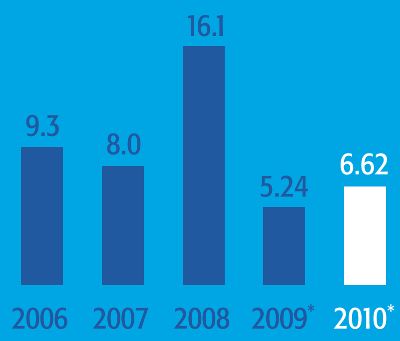
FY10 OVERVIEW

- Underlying NPAT $6.6 million (up 26% on FY09)
- Revenue $235 million
- Margins improved through productivity enhancements
- Net debt/equity reduced to 25%
- Bank facilities extended to 2012
- Record contribution from Colrain parts division
- Trailing equipment demand softened in second half
- Markets highly competitive

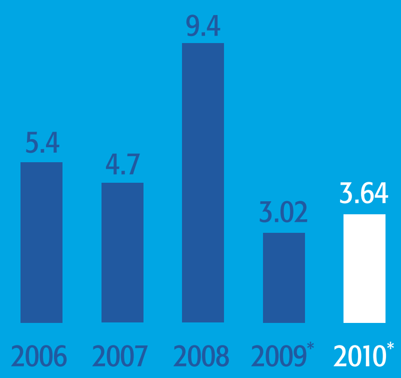
Revenue ($M)



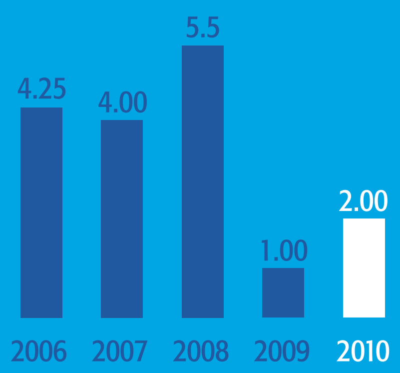
Underlying Net Profit After Tax ($M)



Underlying Earnings Per Share (Basic) (Cents)



Ordinary Dividends Declared Per Share (Cents)



*Excludes impairment charges and restructuring costs.

Chairman's and Managing Director's Review

The Directors are pleased to report a 26% increase in underlying net profit after tax in FY10 on the back of improved demand and order intake across most product categories. This was fuelled by increased business confidence and activity as a result of Government incentives aimed at stimulating demand for capital goods following a challenging FY09 impacted by the Global Financial Crisis (GFC).

Due to proactive and decisive actions and initiatives implemented by the Board and management in FY09, MaxiTRANS emerged from the depths of the GFC with a strong balance sheet and with key competencies and structure intact. This enabled the Company to capitalise on and benefit from the improvement in business conditions in early FY10.

Chairman's and Managing Director's Review (continued)

The 2010 financial year was a year of two diverse halves. Order intake increased in the first half of FY10 by 24% over the prior corresponding period with all van, trailer and tipper brands performing strongly. The second half of FY10 however saw the rate of order enquiry and order intake fall away sharply.

In line with this trend, order banks were maintained at consistent levels for most of the year but contracted towards the end of FY10 and finished the year approximately 20% down on the start of the financial year.

We commend the Federal Government's Investment Allowance which had a positive impact on new equipment purchases in the first half of FY10. Eligibility for the Investment Allowance expired on 30 June 2010.

Increases in interest rates during FY10, together with increases in funding costs have placed further pressure on transport operator margins. Many customers have also had difficulty accessing credit which has impacted demand for new trailing equipment.

The stimulatory impact of the Federal Government's measures has now dissipated and activity has slowed in a number of sectors outside minerals and resources. We noticed a distinct change in customer sentiment in April 2010 and a subsequent reduction in order enquiry and order intake. In addition, the lack of consistency and predictability of Government policy, as well as the forthcoming election, has impacted business confidence.

During the year we have seen a number of smaller transport operators exit the market due to the difficult trading environment and there has been a higher incidence of financially distressed

CASE STUDY

500 Maxi-CUBES, 35 years, still going strong

In March 2010, leading Australian refrigerated transport operator, Lindsay Transport, took delivery of its 500th Maxi-CUBE reefer. This was the latest milestone in a strong relationship that began over 35 years ago when Maxi-CUBE made its first sale to the then Lindsay Brothers.

Sold by MaxiTRANS' Queensland dealer, Freighter Maxi-CUBE Queensland, the anniversary unit was handed over to Lindsay's at the 2010 Melbourne Truck and Trailer Show. It symbolizes the enduring supplier/customer relationship between Lindsay's and Maxi-CUBE, built on mutual respect and understanding over many years.

Significantly, both Tom Lindsay, founder of Lindsay Brothers Transport, and Jim Curtis, founder of Maxi-CUBE and Deputy Chairman of MaxiTRANS, were both present at the handover at the truck show.

Shown above, from left: Glen Lindsay, Jim Curtis, Tom Lindsay, Michael Brockhoff.

Image courtesy of Diesel Magazine

operators being placed into the hands of external administrators.

Each of these factors has combined to create a cyclical surplus in the amount of trailing equipment available in the second hand market. Transport operators are availing themselves of the opportunity to secure near new equipment at significant discounts to the price of new equipment.

Efforts and initiatives to innovate and to develop new products and offerings continued in earnest during the year. MaxiTRANS once again demonstrated its leadership in the industry by launching ecoFridge and a range of new products to meet specific market needs and opportunities. In addition, margin increases from productivity and efficiency improvements contributed to the profit result for the year.

The Colrain parts business capitalised on the improvements made to its product range and cost structure and posted a record profit contribution in FY10. This represents a significant positive turnaround in the business over the last few years and, subject to market conditions in this sector continuing to be favourable, extensions to Colrain's product range are expected to further grow the business into FY11.

New Zealand order intake was significantly impacted by difficult trading conditions brought about by delays to changes in transport regulations causing customers to defer the purchase of new trailing equipment. We are seeing encouraging signs of improvement in enquiry and expect the market to improve during FY11.

FINANCIAL PERFORMANCE

MaxiTRANS posted an underlying EBIT result of $9.9 million and an underlying net profit after tax of $6.6 million in FY10, representing a 26% increase on the previous year.

After restructuring costs of $1.2 million ($0.8 million after tax), the net profit after tax for the year was $5.8 million compared with a loss of $1.9 million in the prior year.

Revenue for the year decreased by 7% to $235 million following lower sales volumes, whilst gross margins improved from the prior year as a result of productivity and efficiency improvements.

A total operating cash flow of $8.7 million was generated during the year. This facilitated a $2.6 million reduction in interest bearing liabilities during the year to $24 million and a reduction in the net debt/equity ratio from 29% at the end of FY09 to 25% at the end of FY10. Shareholders' funds increased by 5% in FY10.

Banking facilities were successfully renegotiated during the year. The bulk of the Company's facilities now extend to October 2012.

CASE STUDY

Freighter EziLiner Efficiency Sparkles

Cameron's Transport chose the Freighter Drop Deck EziLiner to fulfill its contract for the distribution of Schweppes soft drinks for several compelling reasons.

The EziLiner provides Cameron's with greatly increased operational efficiency thanks to the remarkable speed with which its curtains can be opened and closed. This can save up to 15 minutes per delivery drop, saving time, reducing costs and potentially reducing the size of the fleet required to undertake a particular job.

Cameron's also benefited from the outstanding curtain graphics made possible by the absence of buckles and straps on an EziLiner. This also removes the need for drivers to operate buckles and straps, thus improving occupational health and safety.

A Freighter invention protected by international patents, the revolutionary EziLiner is now manufactured and sold in Europe under licence from MaxiTRANS.

Chairman's and Managing Director's Review (continued)

DIVIDENDS

The Board has announced that a fully franked final dividend of 1.0 cent per share will be paid on the 15th of October 2010 to all holders of ordinary shares at the record date, the 24th of September 2010. This follows the fully franked interim dividend of 1.0 cent per share declared and paid to shareholders during the year and takes the total dividend for FY10 to 2.0 cents per share (fully franked). The Company's Dividend Reinvestment Plan remains available to eligible shareholders for the final dividend. Shares will be issued at a discount of 5% of the volume weighted average market price of shares traded during the five trading days ending on and including the 24th of September 2010.

REVIEW OF OPERATIONS

1. New Trailers and Tippers

Vans, Trailers and Rigid Bodies

Unit sales of vans, trailers and rigid bodies decreased by 4% in total during FY10. Order intake however increased by 25% over the prior year with general trailers showing a strong improvement over the course of the year.

A number of innovative new products were launched during the year including the MaxiCUBE "C-Series" – a refrigerated van utilising a full chassis under the body to meet demand in some sectors for this type of construction; and the Freighter "Outback" a heavy duty trailer for use in rough terrain which will enable MaxiTRANS to better service the resources sector.

In line with its policy of providing its customers with market leading transport solutions, MaxiTRANS has secured the

CASE STUDY

Hamelex White engineering delivers substantial payload increases for its customers

PR Cootes Holdings Pty Ltd has significantly increased its operating efficiency thanks to the ingenuity of Hamelex White sales staff and engineers. PR Cootes carries quarry products in Eastern Victoria using Hamelex White "truck and four axle dog" aluminium tipper combinations. Typically, such a combination would have a maximum payload of around 34 tonnes.

However, their latest Hamelex White unit has a payload of 40.6 tonnes thanks to careful design and certification to Performance Based Standards (PBS). The increased payload provides an operational efficiency gain of around 20% according to Paul Cootes, the owner of the business.

Hamelex White has capitalised on the opportunities available under the PBS regulations to offer its customers higher productivity and safety through innovative engineering.

This is just one of the factors that makes Hamelex White Australia's leading tipper manufacturer.

exclusive distribution rights for Australia and New Zealand for the ecoFridge transport refrigeration system. ecoFridge utilises liquid nitrogen to cool the van. This revolutionary system is effectively silent and releases no direct carbon or other harmful emissions when operating. MaxiTRANS is currently undertaking extensive field trials following re-engineering to suit Australian operating conditions. The ecoFridge has generated considerable interest among temperature controlled transport operators and is expected to be made available for sale during the current financial year.

During the year we also reviewed our distribution strategy and established our own direct representation in Western Australia to better service that growing market. We have experienced sales staff in place and expect to see growth in this geographical area in the coming years. The distribution of Peki vans and rigid bodies has recently been changed from a "direct sale" model to one utilising the strength of the national Freighter/Maxi-CUBE dealer network, thus reducing costs and increasing market presence.

Whilst market conditions have been tight and pricing and customer delivery timeframes are aggressive, we have been able to improve margins over the prior year through improvements in production efficiencies at our main Ballarat facility.

We are of the opinion that challenges will continue to exist in the van market in FY11 due to a number of operator failures and the associated liquidation of surplus used equipment adversely impacting the market for new vans. Difficulty in accessing credit and reductions in freight volumes brought about by a slow down in certain sectors of the economy will make trading conditions difficult until we see sustainable improvements in the underlying economy.

Tippers

Tipper unit sales fell 10% during FY10 compared with the prior year however order intake grew by 9% as a result of a large contract secured towards the latter part of FY10. The tipper market remains in a depressed state. This is most evident in the traditional "truck and dog" products which are utilised in the sand/gravel/construction sector. This has resulted in significant competition amongst existing manufacturers and continued aggressive discounting.

The rural market continued to perform well during the year but was held back due to grain prices being adversely impacted by the appreciation of the Australian dollar against the U.S. dollar during FY10. The locust plague in the grain areas of N.S.W. and Victoria may also impact demand for our products.

CASE STUDY

MaxiTRANS introduces world leading refrigeration technology

The Australian and New Zealand distribution rights for the revolutionary liquid nitrogen powered ecoFridge cryogenic trailer refrigeration system have been secured by MaxiTRANS as part of its commitment to providing its customers with the world's best transport solutions.

MaxiTRANS is commercialising liquid nitrogen refrigeration to ensure that local operators can meet the joint challenges of rising operating costs and potential greenhouse emissions reduction targets.

ecoFridge represents the absolute cutting edge in transport refrigeration. It is the most advanced, silent running solution for cost effective, temperature controlled transport and produces no direct harmful emissions. These factors make it highly attractive to supermarket distribution operations.

Following re-engineering to meet Australian requirements, MaxiTRANS has commenced extensive field trials prior to making ecoFridge available for sale.

Chairman's and Managing Director's Review (continued)

New products were developed during the year. Lusty EMS has just completed the construction of several all new high tensile steel bottom dumping trailers for use in the mining and resources sector. In addition, Hamelex White engineers achieved Performance Based Standards ("PBS") approval to significantly increase the legal payload of rigid and 4 axle dog combinations in Victoria and Queensland and we are seeking to expand this further. Inroads have also been made with side tippers in the mining sector and we are developing additional products in FY11. Our focus on increasing the use of lighter weight product options also continues.

Tipper customer sentiment continues to be negative with a large number of units being auctioned at low prices due to the exit by some operators and surplus equipment in the market. The grain market is being held back by high levels of stored grain and access to finance for smaller operators remains difficult and continues to hamper improvements in market conditions. However, winter crop forecasts are encouraging and there are slowly emerging signs of improving rural tipper demand. The traditional truck and dog market is expected to continue to be impacted by a limited number of new construction and infrastructure projects requiring new equipment.

We are of the opinion that when the bulk of the second hand equipment on the market has been absorbed and, as the general level of building and infrastructure activity increases, demand for new tippers will improve.

New Zealand

Unit sales in FY10 were substantially in line with FY09 despite a significant contraction in the transport equipment market due to an economic downturn

CASE STUDY

Meritor CS9 suspension winning customers and orders

The Meritor CS9 trailer suspension is proving to be a real winner for both Colrain, the exclusive agent, and the transport operators who specify it.

Its unique construction of cast steel trailing arms welded to the axle provides a reliable and rigid joint that enhances the roll stability of the trailer, van or tipper to which it is fitted. In addition, the CS9 has a low tare weight, adding vital payload capability.

The CS9 is proving to be the most popular suspension fitted by MaxiTRANS and has recently been ordered by Viking Group on two Freighter B-Doubles and two Maxi-CUBE B-Doubles. Viking has praised the CS9 for its reliability and serviceability together with Colrain's strong parts support.

and the general tightening of credit in New Zealand. As a consequence, large quantities of surplus used equipment entered the market, which impacted on the sale of new units.

FY10 represented a record low in the trailing equipment market with new trailer registrations down by approximately 37% compared with FY09 (which was down 32% against the prior year).

In mid FY10, road transport mass and dimension law changes were proposed, causing customers to defer buying decisions. Whilst these proposals were finalised in May 2010, proposed changes to the Road User Charge Regime relating to road tax on diesel vehicles are now causing similar uncertainty.

We remain committed in the long term to the New Zealand market place and acquired a larger industrial site during FY10 to allow for expansion of capacity in our existing van business and to enable diversification of our product range into general trailers and truck bodies. Planning for the expansion is well progressed and the new facility is expected to become operational late in the 2011 calendar year.

Having seen a slight improvement in enquiry levels, quoting activity and sales, we expect a steady lift in the truck body and trailer market in FY11.

2. Parts & Service

Revenue from the parts and service business increased by 4% during FY10 and contribution to group profit before tax grew from $761,000 (underlying) in FY09 to $3.5 million in FY10.

The Colrain parts business achieved a record profit contribution in FY10 as a result of restructuring and cost reduction initiatives implemented in the prior year.

During the year new product ranges were also introduced and existing product ranges expanded. Customers have seen the benefits of the weight, price and reliability advantages offered by the new Arvin Meritor trailer suspension range and this has seen a rapid conversion of customers to Colrain-supplied suspension systems. Strong contributions were also secured through the redevelopment of export markets in FY10 and the successful tender to procure and supply components to manufacturers of equipment for the Gorgon Project in Western Australia.

New product launches are in the pipeline for FY11 as well as an expansion of the Arvin Meritor CS trailer suspension range to accommodate 19.5 inch wheels and disc brake availability for both 19.5 inch and 22.5 inch wheels. There is significant pent up demand for the disc brake option and this is expected to enhance sales revenue, margins and market penetration. The expansion of our presence in the N.S.W. territory through the establishment of a direct wholesale site will assist in further growing the business in FY11 as will the further expansion of the export business.

3. Joint Ventures

Our Queensland dealer, Freighter Maxi-CUBE Queensland (FMQ), in which the Company has a 36.67% shareholding, achieved a solid result for the year. The integration of Trailer Sales North Queensland, an authorised MaxiTRANS dealer for Hamelex White and sub agent for Freighter and Maxi-CUBE, has been successful and has contributed positively to sales and profitability in a difficult market.

Our 50% owned Chinese joint venture, Yangzhou Maxi-CUBE Tong Composites Co. Ltd., experienced improved trading conditions and increased its contribution to the Group result by 29% on the prior year.

OUTLOOK

As we reflect on the trends over the last few months of FY10, we enter FY11 with some uncertainty as to the short term direction in the markets for our products.

We anticipate trading conditions in the first half of FY11 to be challenging. We are confident that our brands, products and market position are strong and in this respect continue to be well positioned for any improvement in trading conditions. Such improvement will be dependent upon:

- An improvement in the general economy in Australia.
- Improvements in customer access to finance.
- The absorption by the market of excess second hand equipment brought about by operator rationalisation.
- Improvements in demand for road transport services.
- Improved economic conditions in the rural sector.

We expect that our Colrain parts business will continue its solid growth as a result of the anticipated introduction of new and extended product ranges. Continued efforts to find creative solutions to our customers' needs will assist in managing the current market conditions.

We are encouraged by some recent signs of uplift in order enquiry activity across most divisions and the potential for this to improve order intake.

In the meantime we continue to manage the business prudently by balancing the need to maintain operating costs against the need to invest in capacity, people and infrastructure whilst we continue our efforts to grow the business.

Ian Davis
Chairman

Michael Brockhoff
Managing Director

BOARD OF DIRECTORS

OFFICES & OFFICERS

Company Secretary
Mr. M. Mattia

Registered Office
346 Boundary Road
Derrimut, Victoria 3030

Principal Place of Business
346 Boundary Road
Derrimut, Victoria 3030

Contact numbers
Phone: +61 3 8368 1100
Fax: +61 3 8368 1178

Share Registry
Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

Solicitors
Minter Ellison
Level 23, Rialto Towers
525 Collins Street
Melbourne, Victoria 3000

Auditor
KPMG
147 Collins Street
Melbourne, Victoria 3000

Bankers
Australia and New Zealand
Banking Group Limited
Commonwealth Bank of Australia

Stock Exchange
The Company is listed on the Australian Stock Exchange. The Home Exchange is the Australian Stock Exchange. The Company's home branch of the Australian Stock Exchange is Melbourne.

Other Information
MaxiTRANS Industries Limited, ACN 006 797 173, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Ian Davis	Michael Brockhoff	James Curtis	Geoffrey Lord	Robert Wylie
Chairman Non-Executive Director	Managing Director	Deputy Chairman Non-Executive Director	Non-Executive Director	Non-Executive Director

Report of the Directors and Financial Report

FOR THE YEAR ENDED 30 JUNE 2010

MaxiTRANS Industries Ltd ACN 006 797 173 and Controlled Entities

Contents

Financial Summary

		F2006	F2007	F2008	F2009	F2010
Revenue	$'000	244,960	236,553	290,740	252,621	**235,387**
EBITDA	$'000	20,088	18,180	30,309	7,339	**14,741**
EBIT	$'000	14,697	12,909	24,815	1,373	**8,712**
NPBT	$'000	11,772	9,800	21,943	(993)	**7,124**
NPAT	$'000	9,313	8,018	16,101	(1,894)	**5,766**
Significant Items in NPBT	$'000	(2,273)	–	–	(7,565)	**(1,218)**
Basic EPS	cents	5.42	4.67	9.38	(1.09)	**3.17**
Ordinary dividends/share declared	cents	4.25	4.00	5.50	1.00	**2.00**
Depreciation	$'000	3,583	3,435	3,737	4,356	**4,296**
Amortisation – leased assets	$'000	876	904	824	678	**801**
Amortisation – intangibles	$'000	932	932	933	932	**932**
Capex additions	$'000	3,900	5,117	5,046	4,116	**6,329**
Operating cash flow	$'000	19,308	5,543	18,600	14,072	**8,723**
NTA	$'000	41,765	42,667	57,976	58,141	**63,432**
Net assets	$'000	76,036	76,682	91,058	84,154	**88,513**
Interest bearing liabilities	$'000	37,095	40,706	34,542	26,593	**24,039**
Finance costs	$'000	2,925	3,109	2,872	2,366	**1,588**
Total bank debt	$'000	32,463	35,415	31,867	22,935	**20,000**
Net debt/equity	%	49%	51%	36%	29%	**25%**
Interest cover	times	5.02	4.15	8.64	3.78[i]	**5.56[ii]**

[i]Pre significant items

[ii]Pre significant items. Includes capitalised interest.

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2010

This statement reflects MaxiTRANS Industries Limited's ('MaxiTRANS') corporate governance policies and practices as at 30 June 2010 and which, unless otherwise stated, were in place throughout the year. The essential corporate governance principles incorporating the best practice recommendations of the ASX Corporate Governance Council ('Council'), and MaxiTRANS' policies and procedures and the Company's compliance with the Council recommendations, are as follows:

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1:
Formalise and disclose the functions reserved to the Board and those delegated to management

Role and responsibility of the Board and management

The Board acts on behalf of shareholders and is accountable to shareholders for the overall direction, management and corporate governance of the Company. The MaxiTRANS Board Charter formally defines the role and responsibilities of the Board.

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- appointing and removing the Managing Director;
- monitoring the performance of the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and Company Secretary;
- ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving succession plans for the management team;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- providing strategic advice to management;
- reporting to shareholders and ensuring that all regulatory requirements are met;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- monitoring compliance with regulatory requirements and the Company's own ethical standards and policies;
- determining dividend payment and financing dividend payment;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

Role and responsibility of senior management

Responsibility for the day to day management and administration of MaxiTRANS is delegated by the Board to the Managing Director and the executive management team. The management team manages MaxiTRANS in accordance with the strategy, plans and policies approved by the Board. The Board has in place procedures to assess the performance of the management team.

MaxiTRANS has a Managing Director and Chief Financial Officer (CFO).

- The Managing Director plans and directs all aspects of MaxiTRANS' policies, objectives and initiatives, and is responsible for the short and long term profitability and growth of MaxiTRANS.

- The Managing Director demonstrates expertise in a variety of concepts, practices, and procedures and relies on extensive experience and judgment to plan and accomplish goals.
- The Managing Director has an excellent understanding of MaxiTRANS, its products and the market in which it operates.
- The Managing Director leads and directs the work of others employed by MaxiTRANS. A wide degree of creativity and latitude is expected of the Managing Director to ensure the continued success of MaxiTRANS.
- The CFO is responsible for directing MaxiTRANS' overall financial policies and reports to the Managing Director.
- The CFO oversees all financial functions including accounting, budgeting, credit, insurance, tax, and treasury. In this role, the CFO designs and coordinates a wide variety of accounting and statistical data and reports.
- A wide degree of creativity and latitude is expected, and the CFO is expected to have considerable experience to be able to contribute to the ongoing success of MaxiTRANS.
- The Managing Director and CFO are appointed under formal letters of appointment that describe their duties, rights and responsibilities and entitlements on termination.

Recommendation 1.2:
Disclose the process for evaluating the performance of senior executives

Refer to the Remuneration Report in the Report of the Directors.

Recommendation 1.3:
An evaluation of the performance of senior executives was undertaken during the year in accordance with the process determined by the Board.

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1:
A majority of the Board should be independent directors

MaxiTRANS presently has four non-executive directors, three of whom are considered by the Board to be independent, and one executive director.

Non-Executive Directors
Mr. Ian Davis (Chairman) – Independent
Mr. James Curtis (Deputy Chairman) – Not independent
Mr. Geoff Lord – Independent
Mr. Robert Wylie – Independent

Executive Director
Mr. Michael Brockhoff (Managing Director) – Not Independent

The MaxiTRANS Board Charter defines independence in accordance with the principles set out in the Council's best practice recommendations. The Board has established a 5% threshold for material dealings or associations with MaxiTRANS.

At the date of this report, a majority of the MaxiTRANS Board is independent. The Board has formalised a number of measures to ensure that all directors exercise independent judgement in decision making:

- Directors are expected to cast their vote on any resolution in accordance with their own judgement.
- Directors are expected to comply with their legal, statutory and equitable duties when discharging their responsibilities as directors. Broadly, these are duties to:

  (i) Act in good faith and in the best interests of MaxiTRANS as a whole

  (ii) Act with care and diligence

  (iii) Act for proper purposes

  (iv) Avoid a conflict of interest or duty

  (v) Refrain from making improper use of information gained through the position of director and taking improper advantage of the position of director.

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2010

- Directors may access information and seek independent advice that they consider necessary to fulfil their responsibilities and to exercise independent judgement in decision making.
- Directors are expected to be sensitive to conflicts of interest that may arise and be mindful of their fiduciary obligations to MaxiTRANS and:
  - (i) Disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist as soon as the situation arises
  - (ii) Take steps as are necessary and reasonable to resolve any conflict of interest
  - (iii) Comply with the Corporations Act 2001 provisions on disclosing interests and restrictions on voting
  - (iv) If a conflict situation exists, it is expected that where a matter is being discussed by the Board to which the conflict relates, the director will be absent from the room.

The MaxiTRANS Board is well balanced, comprising directors who are proficient in all of MaxiTRANS' business portfolios with an appropriate range of skills, experience and expertise to complement the MaxiTRANS business, who have a proper understanding of and are competent to deal with current and emerging issues relevant to the transport industry and who can effectively review and challenge the performance of management and exercise independent judgement.

Refer to the Report of the Directors for details of directors' skills, experience and expertise.

The Board acknowledges that all Directors, whether independent or not, should bring independent judgement to bear on all Board decisions. To facilitate this, each Director has access in appropriate circumstances to independent professional advice at the expense of the Company.

Recommendation 2.2:
The Chairperson should be an independent director

MaxiTRANS' Chairman, Mr. Ian Davis, is considered by the Board to be an independent director.

Recommendation 2.3:
The roles of chairperson and chief executive officer should not be exercised by the same individual

The roles of chairperson and managing director are exercised by Mr. Ian Davis and Mr. Michael Brockhoff respectively.

Recommendation 2.4:
The Board should establish a nomination committee

The MaxiTRANS Nomination Committee was formally constituted on 27 June 2003. All Board members are members of the Nomination Committee at the date of this report.

The duties and responsibilities of the board in its role as Nomination Committee are as follows:

- To assess and develop the necessary and desirable competencies of board members;
- To develop and review board succession plans;
- To evaluate the performance of the board; and
- To recommend to the board, the appointment and removal of directors.

Recommendation 2.5:
The Board should establish and disclose the process for evaluating the performance of the Board, its committees and individual directors.

The Board reviews the performance of key executives against measurable and qualitative indicators to ensure that the full potential of MaxiTRANS is being met.

New Board members will be offered induction programs to allow them to fully and actively participate in decision making at the earliest opportunity. The induction programs are designed to ensure that any new director has a comprehensive knowledge of MaxiTRANS, the industry and the market in which it operates.

Directors and key executives are encouraged to continually update and enhance their skills and knowledge. Directors and key executives are encouraged to become members of relevant industry groups and professional organisations.

For the purposes of evaluating its own performance and assisting the Board in its responsibilities in relation to corporate governance, the Board has established a Corporate Governance Committee.

At the date of this report the members of the MaxiTRANS Corporate Governance Committee are Messrs. Ian Davis (Chairman), James Curtis, Robert Wylie and Geoff Lord. Refer to the Report of the Directors on for details of attendance by directors at Corporate Governance Committee meetings.

The committee's responsibilities are to review and make recommendations to the Board regarding:

- The annual review of MaxiTRANS' corporate governance policies and procedures
- Review and assessment of appropriate performance benchmarks for the Board and management.

3. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1:
Establish and disclose a code of conduct as to:

- **The practices necessary to maintain confidence in the Company's integrity**
- **The practices necessary to take into account the Company's legal obligations and reasonable expectations of its stakeholders.**
- **The responsibility and accountability of individuals for reporting and investigating reports of unethical practices**

MaxiTRANS recognises the need for directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

MaxiTRANS intends to maintain a reputation for integrity. The Board has adopted a Code of Conduct which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions in respect of responsibilities to shareholders, customers, clients, consumers and the community. The Code also sets guidelines in respect of employment practices, fair trading and dealing as well as conflicts of interest.

A key element of that Code is the requirement that officers and employees act in accordance with the law and with the highest standards of propriety. The Code and its implementation are reviewed each year.

Recommendation 3.2:
Establish and disclose a policy concerning trading in Company securities by directors, senior executives and employees

The Board encourages directors to own shares in MaxiTRANS. Directors (and relevant employees) must comply with the MaxiTRANS Code of Practice when dealing in MaxiTRANS securities. The essential provisions of the Code of Practice are set out below:

Directors are not permitted to deal in the Company's securities:

- In circumstances where the director is in possession of unpublished price-sensitive information
- In closed periods. A closed period is defined as the two month period preceding the announcement of the full-year or half-year results, or if sooner, from the end of the financial period to the announcement of the full-year or half-year results. Only in exceptional circumstances may the Chairman provide clearance for any director to deal in the Company's securities during a closed period.

With suitable clearance from the Chairman, the most appropriate period to deal in MaxiTRANS securities is in the four week period following the annual general meeting and the announcement of the full-year or half-year results.

Directors must advise the disclosure officer of any dealings in MaxiTRANS securities within two business days of the dealing.

Directors must seek to prohibit closely associated persons from dealing in MaxiTRANS securities in circumstances where the director would not be permitted to do so. It is incumbent on the director to inform closely associated persons of the circumstances in which they are permitted to deal in the Company's securities.

4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1:
The Board should establish an audit committee

The MaxiTRANS Audit and Risk Management Committee was established in 1994.

Recommendation 4.2:
Structure the audit and risk management committee so that it consists of:

- **Only non-executive directors**
- **A majority of independent directors**
- **An independent chairperson, who is not chairperson of the Board**
- **At least three members.**

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2010

At the date of this report the members of the MaxiTRANS Audit and Risk Management Committee are Messrs. Robert Wylie, (Chairman), independent non-executive director, James Curtis, non-executive director, Ian Davis, independent non-executive director and Geoff Lord, independent non-executive director. Details of attendances by directors are to be found in the Report of the Directors.

The members of the Committee are well qualified to perform their duties as set out in the Charter with strong financial, legal and industry expertise.

At the date of this report, the composition of the MaxiTRANS Audit and Risk Management Committee complies with Best Practice recommendation 4.2 in all respects.

The external auditor met with the Audit and Risk Management Committee two times during the year without management being present. The Audit and Risk Management Committee intends for the 2011 financial reporting period to have the auditor meet at least twice with the Audit Committee without management being present.

Recommendation 4.3:
The Audit and Risk Management Committee should have a formal charter

The charter of the MaxiTRANS Audit and Risk Management Committee clearly sets out the Committee's role and responsibilities, composition, structure and membership requirements. The Audit and Risk Management Committee has the right to access management and seek independent professional advice in accordance with the Board Charter.

The primary role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities. In particular, the Committee will focus on:

- verifying and safeguarding the integrity of the Company's financial reporting
- internal management processes and controls
- the removal, selection and appointment of the external auditor and the rotation of the external audit engagement partner
- review of risk management and internal compliance and control systems

5. PRINCIPLE 5: PROVIDE TIMELY AND BALANCED DISCLOSURE OF ALL MATERIAL MATTERS CONCERNING THE COMPANY

Recommendation 5.1:
Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

MaxiTRANS has adopted a Continuous Disclosure Protocol. The Company Secretary has been appointed the Disclosure Officer and is required to collate and, subject to advising the Board, disclose share price sensitive information.

The Continuous Disclosure Protocol provides guidelines on:

- what must be disclosed
- responsibilities of the Board in relation to disclosure matters
- responsibilities of the Disclosure Officer
- responsibilities of senior management in relation to disclosure matters

The only persons authorised to communicate with news media, analysts, shareholders and the general public in relation to any matter which is subject to this policy on continuous disclosure are the Chairman, the Chief Executive Officer and the Chief Financial Officer and any other person authorised by the Chairman or Chief Executive Officer from time to time.

6. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1:
Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

The Company respects the rights of shareholders and seeks to facilitate the effective exercise of those rights. The Company does this by communicating effectively with shareholders, giving shareholders ready access to balanced and understandable information about the Company and corporate records and making it easy for shareholders to participate in general meetings.

The Company publishes all ASX announcements on the MaxiTRANS website, and also sends information to shareholders by mail or e-mail (where nominated). The MaxiTRANS website contains important information on the Company which is of use to shareholders in obtaining a greater understanding of the Company.

Notices of meeting are drafted in plain English to be easy and clear to understand. They are honest, accurate and not misleading. Meetings are held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend.

The MaxiTRANS website also provides to shareholders and other stakeholders the facility to read and download annual reports, ASX announcements and corporate governance policies and procedures.

7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1:
The Board or appropriate Board committee should establish policies on risk oversight and management of material business risks.

The Board is responsible for reviewing and ratifying systems of risk management and internal compliance and control. The Board has delegated to the Audit and Risk Management Committee the responsibility for establishment of policies on risk oversight and management. Specifically, the Audit and Risk Management Committee has responsibility to:

- Review management programs for monitoring and identifying significant areas of risk for the Company, (including sustainability risk)
- Review and assess management information systems and internal control systems
- Review the insurance program for the MaxiTRANS Group
- Review occupational health and safety practices and compliance with legislation

Recommendation 7.2:
The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed.

Management has established and implemented the risk management system for assessing, monitoring and managing material business risks, including sustainability risk.

Management has provided a report to the Audit and Risk Management Committee that outlines the material business risks to the Company and reports on the status of the risks and effectiveness of controls through integrated risk management programs aimed at ensuring risks are identified, assessed and properly managed. Each business operational unit is responsible and accountable for implementing and managing the standards required by the program.

Recommendation 7.3:
Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results; and are in accordance with relevant accounting standards; and are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board

In accordance with the MaxiTRANS Audit and Risk Management Committee Charter, the Managing Director and Chief Financial Officer of MaxiTRANS are required to state in writing to the Board that MaxiTRANS' financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The statements are underpinned by representations from executive management and relevant accounting officers.

The statement of the Managing Director and Chief Financial Officer, given in accordance with best practice recommendation 7.3 (the integrity of financial statements), confirms the existence of a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and also confirms that MaxiTRANS' risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: Remuneration Committee

8.1.1 The Board should establish a remuneration committee.

The MaxiTRANS Remuneration Committee was established in 1994.

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2010

At the date of this report the members of the MaxiTRANS Remuneration Committee are Messrs. Ian Davis (Chairman), Michael Brockhoff (Managing Director), James Curtis and Geoff Lord. Refer to the Report of the Directors for details of attendance by directors at Remuneration Committee meetings. The committee's responsibilities are to review and make recommendations to the Board regarding:

- The remuneration of the Managing Director, other senior executives and the non-executive directors
- The remuneration policies and practices for the Company including participation in the incentive plan, share scheme and other benefits
- Superannuation arrangements.

8.1.2 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

The level and composition of remuneration offered by MaxiTRANS is designed to attract and maintain talented and motivated directors and employees.

MaxiTRANS has adopted a transparent policy in relation to remuneration reporting. The Corporations Act 2001 requires annual disclosure by the Company of the nature and amount of each element of the fee or salary of each director and each of the five highest paid officers of the Company. This includes disclosure in respect of non-monetary components such as options.

MaxiTRANS has a clear distinction between non-executive director remuneration and executive director remuneration. Non-executive directors receive a fixed fee, no termination benefits, and no incentives. Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, short term and long term incentive schemes.

Executive directors and senior executives may receive bonuses based on performance hurdles that are a blend of the group's and each relevant segment's budgeted operating result being achieved or exceeded.

The letters of appointment for directors clearly set out all relevant entitlements as applicable to executive and non-executive directors.

Recommendation 8.2: Remuneration structure

8.2.1 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

Non-executive directors receive a fixed fee, no termination benefits, and no incentives. Fees paid to non-executive directors are benchmarked against similar sized companies operating in similar industries. Non-executive directors are not entitled to participate in any executive option or executive share scheme.

The aggregate amount of directors' fees payable to non-executive directors must not exceed the maximum amount permitted under the MaxiTRANS Constitution of $400,000, as approved by shareholders on 25 February 1998.

Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, short term and long term incentives.

The letters of appointment for directors clearly set out all relevant entitlements as applicable to executive and non-executive directors.

The level of remuneration paid to executive directors, non-executive directors and key management personnel is set out in the Remuneration Report.

8.2.2: Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The MaxiTRANS Executive Option Plan approved by shareholders on 19 October 2007 was cancelled during the 2009 financial year.

The Remuneration Report sets out details of a replacement long term incentive scheme. Refer to the Remuneration Report for further details.

Your directors submit their report together with the consolidated financial report of MaxiTRANS Industries Limited ("the Company") and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates for the year ended 30 June 2010 and the auditor's report thereon.

Directors

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

Mr Ian R. Davis	(Chairman since 1994)
Mr James R. Curtis	(Deputy Chairman since 1994)
Mr Michael A. Brockhoff	(Managing Director since 2000)
Mr Geoffrey F. Lord	(Director since 2000)
Mr Robert H. Wylie	(Director since 2008)

Principal Activities

The principal activities of the Group during the year consisted of the design, manufacture, sale, service and repair of transport equipment and related spare parts.

There were no changes in the nature of the Group's principal activities during the financial year.

Dividends

Dividends paid or declared for payment are as follows:

Ordinary shares

A fully franked interim dividend of 1.0 cent per share was paid on 23 April 2010 totalling $1,814,027.

A fully franked dividend of 1.0 cent per share has been proposed by the directors after reporting date for payment on 15 October 2010. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2010 and will be recognised in subsequent financial reports.

State of Affairs

There were no significant changes in the state of affairs of the Group which occurred during the financial year.

Review of Operations

The accompanying Chairman's and Managing Director's Review includes a review of operations of the Group for the year ended 30 June 2010. In accordance with Australian Securities and Investment Commission Class Order 98/2395, the Board of Directors has adopted the Chairman's and Managing Director's Review as part of the Report of the Directors. The Chairman's and Managing Director's Review also provides a financial and operating review as required by S299A of the Corporations Act 2001.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in subsequent financial years.

Environmental Regulation

The Group's environmental obligations are regulated under Local, State and Federal Law. All environmental performance obligations are internally monitored and subjected to regular government agency audit and site inspections. The Group has a policy of complying with its environmental performance obligations. No breach of any environmental regulation or law has been notified to the Group during or since the year ended 30 June 2010.

The Australian Government released its Green Paper for the National Carbon Pollution Reduction Scheme ("CPRS") in July 2008 as a consultation and discussion paper, followed by the release of its White Paper in December 2008. In March 2009, the Australian Government released its exposure draft legislation for consultation. On 4 May 2009, the Australian Government announced that it had delayed the commencement of the Scheme by a year to July 2011.

On 27 April 2010, the Australian Government announced a further delay in the commencement of the CPRS until after the end of the current commitment period of the Kyoto Protocol. The exact timing of introduction is therefore unclear at this time.

MaxiTRANS is closely monitoring the development of the regulatory framework for the Emissions Trading Scheme. At this stage, it is too early to quantify the impacts and opportunities arising from the CPRS.

Future Developments

The accompanying Chairman's and Managing Director's Review includes a review of likely developments. The Board of Directors has adopted the report as part of the Report of the Directors.

Further information as to the likely developments in the operations of the Group and the expected results of these operations in subsequent financial years has not been included in this report because, the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2010

Information of Directors

Ian R. Davis	Chairman, Independent Non-Executive, Age 65
Qualifications & Experience:	Law degree with honours from University of Melbourne. Appointed Chairman 1994. Senior partner and previously National Chairman of international law firm, Minter Ellison, Mr. Davis has extensive experience in the corporate and commercial area of law in which he practices. Currently he is Chairman of Produce and Grocery Industry Code Administration Committee and non-executive director of Redflex Holdings Ltd since October 2009. He was formerly non-executive Chairman of Recovcorp Pty Ltd from April 2007 to May 2010 and UCMS Group Pty Ltd from November 2006 to August 2009.
Special Responsibilities:	Chairman of Corporate Governance Committee, Remuneration Committee and Nomination Committee. Member of Audit & Risk Management Committee.
Interest in Shares:	1,164,928 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

James R. Curtis	Deputy Chairman, Non-Executive, Age 75
Qualifications & Experience:	Appointed Deputy Chairman in 1994. Mr. Curtis was one of the founders of the Group in 1972. He has over 50 years experience in the transport equipment industry and is a pioneer of fibreglass road transport equipment in Australia.
Special Responsibilities:	Member of Corporate Governance Committee, Audit & Risk Management Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	23,769,067 ordinary shares beneficially held, (refer note 21(c) to the Financial Statements).
Options over Ordinary Shares:	Nil

Michael A. Brockhoff	Managing Director, Executive, Age 57
Qualifications & Experience:	Appointed Managing Director in June 2000. Thirty two years experience in the road transport industry.
Special Responsibilities:	Member of Remuneration Committee and Nomination Committee.
Interest in Shares:	2,671,500 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

Geoffrey F. Lord	Independent Non-Executive Director, Age 65
Qualifications & Experience:	B. Econ. (Honours), M.B.A. (Distinction), ASSA, Australian Institute of Company Directors. Appointed Director in October 2000. Chairman and Chief Executive Officer of Belgravia Group and Executive Chairman of UXC Limited since September 2002. Chairman of LCM Litigation Fund Pty Ltd (formerly Australian Litigation Fund), Melbourne Victory Limited since November 2004. Deputy Chairman of Institute of Drug Technology Limited since October 1998. Director of the following companies: Terrain Capital Ltd since May 2002 and Northern Energy Corporation since December 2007. Formerly a director of Adelhill Limited from February 1993 to March 2008 and The Mac Services Group Ltd from April 2007 to June 2009.
Special Responsibilities:	Member of Audit & Risk Management Committee, Corporate Governance Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	1,039,604 ordinary shares beneficially held, (refer note 21(c) to the Financial Statements).
Options over Ordinary Shares:	Refer note 21(c) to the Financial Statements.

Robert H. Wylie	Independent Non-Executive Director, Age 60
Qualifications & Experience:	Fellow of the Institute of Chartered Accountants in Australia, a member of the Institute of Chartered Accountants of Scotland and a Fellow of the Australian Institute of Company Directors. Appointed Director in September 2008. Mr. Wylie has wide ranging experience in professional service in a variety of professional management roles with Deloitte. Most recently he held senior positions with Deloitte Touche USA LLP. Prior to this, he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as National Chairman. Mr. Wylie also served on the Global Board of Directors and the Governance Committee of Deloitte Touche Tohmatsu and the Global Board of Directors of Deloitte Consulting. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia. Director of the following companies: Elders Limited since November 2009 and Centro Properties Limited and CPT Manager Limited since October 2008.
Special Responsibilities:	Chairman of Audit & Risk Management Committee. Member of Corporate Governance Committee and Nomination Committee.
Interest in Shares:	21,364 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

Company Secretaries

Mr. Marcello Mattia	B. Bus. (Acc) FCA, Australian Institute of Company Directors, Appointed to the position of Company Secretary in 2008.
Mr. Aaron Harvey	B. Commerce CA, Appointed to the position of Assistant Company Secretary in 2010.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2010

Details of attendances by directors at Board and committee meetings during the year are as follows:

	Directors' Meetings		Audit & Risk Management Committee		Remuneration Committee		Corporate Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian Davis	**12**	12	**4**	4	**2**	2	**2**	2
James Curtis	**12**	11	**4**	3	**2**	2	**2**	2
Michael Brockhoff	**12**	12	**–**	–	**2**	2	**–**	–
Geoffrey Lord	**12**	12	**4**	4	**2**	2	**2**	2
Robert Wylie	**12**	12	**4**	4	**–**	–	**2**	2

Remuneration Report

Information contained in the Remuneration Report is audited.

Remuneration levels for directors, secretaries and executives of the Company, and relevant group executives of the Group **("the directors and senior executives")** are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration of non-executive directors and the Managing Director having regard to trends in comparative companies and the objectives of the Group's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- The capability and experience of the directors and senior executives
- The directors' and senior executives' ability to control the relevant segment/s' performance
- The Group's performance including the Group's earnings per share
- The amount of incentives within each director's and senior executive's remuneration.

During the year the Directors reviewed the structure and composition of the Group's remuneration for executive directors and senior executives with the assistance of external consultants and advisors and a review of practices adopted by other ASX listed companies of a similar size to MaxiTRANS. This review followed the termination of the Group's Executive Option Plan ('EOP') and the cancellation of all options in the 2009 financial year.

The review is substantially complete and is expected to be finalised in time for the Company's forthcoming Annual General Meeting on 15 October 2010. Broadly however, the review has determined that:

- the structure of executive director and senior management remuneration will continue to include a mix of fixed and performance-linked components;
- the mix of total remuneration between fixed and performance-linked components will move from the current average of 80% fixed and 20% performance-linked, to an average of 60% fixed and 40% performance-linked over the next three year period;
- the performance-linked component of total remuneration will continue to comprise a Short Term Incentive ('STI') scheme and a Long Term Incentive ('LTI') scheme; and
- the mix of performance-linked remuneration (as a percentage of total remuneration) between STI and LTI components will move from the current average of 14% STI and 6% LTI, to an average of 15% STI and 25% LTI over the next three year period;

The Directors are pleased with the progress and outcome of the review and restructure of the remuneration for executive directors and senior management and are of the opinion that it will further enhance alignment between the Group and shareholders.

Each of the components of total remuneration for executive directors and senior management are described in more detail below, to the extent that details have been finalised at the date of this report.

Fixed remuneration

Fixed remuneration consists of base remuneration, including any FBT charges related to employee benefits which have been salary sacrificed, as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by both the Remuneration Committee and the Managing Director through a process that considers individual, segment and overall performance of the Group. In addition and as required, external consultants may be engaged to provide analysis and advice to ensure the directors' and senior executives' remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Performance-linked remuneration

Performance linked remuneration includes both STI's and LTI's and is designed to reward executive directors and senior executives for meeting or exceeding specified objectives. The STI includes an "at risk" incentive provided in the form of cash. The LTI is in the process of being finalised and will most likely be in the form of performance rights.

STI

Each year KPIs (key performance indicators) are set for senior executives and executive directors. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and include financial, people, customer, strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

The financial performance objective is "net profit before tax" compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance, customer satisfaction and staff development.

At the end of the financial year the actual performance of the Group, the relevant segment and individual is measured against the KPIs set at the beginning of the financial year.

The method of assessment was chosen as it provides an objective assessment of the individual's performance.

In line with the Group's philosophy of rewarding employees for performance, STI's based on the achievement of KPIs are also available to staff other than executive directors and senior management.

LTI

Under the Group's previous LTI scheme, options over the ordinary shares of the Company were provided under the terms of the Executive Option Plan ('EOP'), as approved by the shareholders at the Annual General Meeting held on 19 October 2007. In March 2009 the Board reviewed the EOP in light of the prevailing economic and market climate and exercised its discretion, as provided by the terms of the EOP, to terminate the Plan and cancel all options granted and/or vested.

Whilst the details have not yet been finalised, as part of the review of the Group's remuneration structure and the LTI component, it is anticipated that the LTI scheme available to executive directors and to senior management will be based on the annual grant of a specified number of Performance Rights which can be converted by executive directors and senior management into a specified number of ordinary shares in the Company. It is expected that Performance Rights will vest and will be able to be exercised upon the achievement of specified performance targets in a period not less than three years after the date upon which the Performance Rights are granted to executive directors and senior management.

The Directors are in the process of finalising the various aspects associated with the LTI scheme and it is expected that the scheme will be implemented and presented at the Company's forthcoming Annual General Meeting on 15 October 2010 for approval (as required).

Other benefits

Non-executive directors are not entitled to receive additional benefits as a non-cash benefit. Non-executive directors may receive a component of their directors' fees as superannuation.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2010

Senior executives can receive additional benefits as non-cash benefits, as part of the terms and conditions of their appointment. Other benefits typically include payment of superannuation, motor vehicles, telephone expenses and allowances, and where applicable, the Group pays fringe benefits tax on these benefits.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the indices highlighted in the table below. Net profit before tax is considered as one of the financial performance targets in setting the STI.

Service agreements

It is the Group's policy that service contracts for executive directors and senior executives be unlimited in term but capable of termination on up to six months notice and that the Group retains the right to terminate the contract immediately, by making payment of up to twelve months' pay in lieu of notice.

The Group has entered into service contracts with each executive director and senior executive that entitle those executives to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of remuneration paid to the executive directors and senior executives but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy including performance related objectives if applicable.

Mr Michael Alan Brockhoff, Managing Director, has a contract of employment with the Company dated 3 May 2000. The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and Managing Director will early in each financial year, consult and agree objectives for achievement during that year. The service contract can be terminated either by the Company or Mr Brockhoff providing six months notice. The Company may make a payment in lieu of notice of six months, equal to base salary, motor vehicle allowance and superannuation. This payment represented market practice at the time the terms were agreed. The Managing Director has no entitlement to a termination payment in the event of removal for misconduct or breach of any material terms of his contract of employment.

Mr Marcello Mattia, Company Secretary, has a contract of employment with the Company dated 5 May 2008. The contract can be terminated either by the Company or Mr Mattia providing four months notice. The Company may make a payment in lieu of notice of four months, equal to base salary, vehicle allowance and superannuation.

Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 1998 AGM, is not to exceed $400,000 per annum and directors' fees are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Directors' base fees are presently $64,000 per annum. The Chairperson receives $115,000 per annum. Non-executive directors do not receive performance related remuneration and are not entitled to either a STI or LTI. Directors' fees cover all main board activities and membership of all committees. Non-executive directors are not entitled to any retirement benefits.

Consolidated Results and Shareholder Returns

	2010	2009	2008	2007	2006
Net profit/(loss) attributable to equity holders of the parent	**$5,766,000**	$(1,894,000)	$16,101,000	$8,018,000	$9,313,000
Basic EPS	**3.17¢**	(1.09)¢	9.38¢	4.67¢	5.42¢
Dividends declared/paid	**$3,642,694**	$1,717,422	$9,445,818	$6,869,686	$7,299,041
Dividends declared per share	**2.00¢**	1.00¢	5.50¢	4.00¢	4.25¢
Share price	**26.0¢**	22.0¢	59.0¢	63.0¢	54.0¢

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the five named Company executives and relevant Group executives who receive the highest remuneration are:

		Primary			Post	Equity	Other	Total	Equity	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees	Bonus (i)	Non-cash benefits	Super	Options		(iii)	Options cancelled (iv)		
	Year	$	$	$	$	$	$	$	$		
DIRECTORS											
Non-executive											
Mr I Davis	**2010**	**113,083**	**–**	**–**	**10,178**	**–**	**–**	**123,261**	**–**	**–**	**–**
Chairman	2009	112,125	–	–	10,091	–	–	122,216	–	–	–
Mr J Curtis	**2010**	**62,933**	**–**	**–**	**18,264**	**–**	**8,400**	**89,597**	**–**	**–**	**–**
	2009	62,400	–	–	22,416	–	11,200	96,016	–	–	–
Mr G Lord	**2010**	**62,933**	**–**	**–**	**5,664**	**–**	**–**	**68,597**	**–**	**–**	**–**
	2009	62,400	–	–	5,616	–	–	68,016	–	–	–
Mr R Wylie (ii)	**2010**	**62,933**	**–**	**–**	**5,664**	**–**		**68,597**	**–**	**–**	**–**
	2009	51,733	–	–	4,656	–		56,389	–	–	–
Executive											
Mr M Brockhoff	**2010**	**467,083**	**–**	**5,412**	**76,062**	**–**	**40,000**	**588,557**	**–**	**–**	**–**
Managing Director	2009	463,125	161,700	2,884	93,256	–	40,000	760,965	53,100	26.4%	6.5%
EXECUTIVES											
The Company (v)											
Mr M Mattia	**2010**	**241,250**	**–**	**25,883**	**26,537**	**–**	**879**	**294,549**	**–**	**–**	**–**
Chief Financial Officer and Company Secretary	2009	219,375	–	23,000	24,219	–	796	267,390	33,000	11.0%	11.0%
Mr G Walker	**2010**	**234,511**	**–**	**–**	**38,934**	**–**	**25,047**	**298,492**	**–**	**–**	**–**
General Manager – Manufacturing	2009	228,911	51,510	–	45,527	–	23,096	349,044	18,389	19.0%	5.0%

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2010

	Year	Primary Salary & fees $	Bonus (i) $	Non-cash benefits $	Post Super $	Equity Options $	Other $	Total (iii) $	Equity Options cancelled (iv) $	Proportion of remuneration performance related	Value of options as proportion of remuneration
Consolidated											
Mr A Wibberley	**2010**	**185,533**	**[vi]36,800**	**24,031**	**20,010**	**–**	**–**	**266,374**	**–**	**13.8%**	**–**
General Manager Lusty EMS Pty Ltd	2009	179,400	41,284	24,031	19,862	–	–	264,577	11,493	19.1%	4.2%
Mr J Rush	**2010**	**164,580**	**–**	**24,750**	**13,947**	**–**	**–**	**203,277**	**–**	**–**	**–**
General Manager – Hamelex White, MaxiTRANS Australia Pty Ltd	2009	191,646	42,936	19,427	21,112	–	–	275,121	11,493	19.0%	4.0%
Mr N Zantuck	**2010**	**147,550**	**–**	**–**	**15,304**	**–**	**22,500**	**185,354**	**–**	**–**	**–**
General Manager – Vic Branch, MaxiTRANS Australia Pty Ltd	2009	143,325	12,844	–	16,080	–	22,500	194,749	11,493	11.8%	5.6%
Mr P Loimaranta	**2010**	**154,600**	**–**	**22,629**	**13,914**	**–**	**–**	**191,143**	**–**	**–**	**–**
General Manager – Colrain Pty Ltd	2009	140,400	–	19,858	12,636	–	–	172,894	11,493	6.2%	6.2%

Notes in relation to table of directors' and executive officers' remuneration

(i) STI entitlement varies from 13% to 19% of total remuneration for each of the individuals listed above. The short-term cash incentives disclosed above are for performance for the 30 June 2008 and 2009 financial years respectively using the criteria set out in the Remuneration Report. The amounts were determined after performance reviews were completed and approved by the Remuneration Committee during each subsequent financial year.

(ii) Mr R Wylie was appointed as a Director of the Company in September 2008.

(iii) The total remuneration includes all remuneration except for the value of options cancelled (refer note (iv)).

(iv) All options granted in December 2007 and September 2008 were cancelled on 31 March 2009. The cancellation triggered an acceleration of the vesting period and an expense to be recognised in accordance with AASB 2, Share Based Payments, in the financial statements of the Group during the year ended 30 June 2009. No amounts were received or benefit derived by the executives upon cancellation of the EOP.

(v) There are no other executives employed by the Company.

(vi) Represents 76% of total STI entitlement which vested during the year. 24% was forfeited during the year.

Analysis of share-based payments granted as remuneration

There were no options held by the Company directors and each of the named Company or Group executives exercised during the reporting and prior period.

The value of the options that were cancelled during the prior year represents the benefit forgone and is calculated at the date the options were cancelled based on the market value of MaxiTRANS Industries Limited shares at $0.21.

Unissued Shares Under Option

At the date of this report there are no unissued ordinary shares of the Company under options granted.

Audit and Risk Management Committee

As at the date of this report, the Company had an Audit and Risk Management Committee of the Board of Directors that met four times during the year. The details of the functions and memberships of the committees of the Board are presented in the Corporate Governance Statement.

Indemnity

With the exception of the matters noted below the Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

(i) Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

(ii) Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

The Group has entered into a contract of insurance in relation to the indemnity of the Group's directors and officers for a premium of $51,110. The insurance premium relates to claims for damages, judgements, settlements or costs in respect of wrongful acts committed by directors or officers in their capacity as directors or officers but excluding wilful, dishonest, fraudulent, criminal or malicious acts or omissions by any director or officer. The directors indemnified are those existing at the date of this report. The officers indemnified include each full time executive officer and secretary.

Clause 98 of the Company's constitution contains indemnities for officers of the Company.

The Company has entered into a deed of protection with each of the directors to:

(i) Indemnify the director to ensure that the director will have the benefit of the indemnities after the director ceases being a director of any group company;

(ii) Insure the director against certain liabilities after the director ceases to be a director of any group company; and

(iii) Provide the director with access to the books of group companies.

Share Options

Share options granted to directors and highly remunerated officers

No options were granted to any of the directors or the five most highly remunerated executives of the Company or Group as part of their remuneration during or since the end of the financial year.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2010

Shares Issued on the Exercise of Options

No options were exercised during the financial year.

Further details on share options are detailed in Note 20 to the financial statements and in the Remuneration Report.

Non-Audit Services

During the year KPMG, the Company's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included in, and forms part of this Report of the Directors.

Details of the amounts paid to the auditor of the Company, KPMG, for audit and non-audit services provided during the year are set out below.

	Consolidated	
	2010 **$**	2009 $
Remuneration of Auditor		
Remuneration of the auditor of the Group for:		
KPMG Australia:		
– auditing or reviewing the financial statements	**193,500**	229,992
– other services (taxation & advisory)	**153,647**	100,000
	347,147	329,992
Overseas KPMG Firms:		
– auditing or reviewing financial statements	**12,800**	13,008
– other services (taxation, advisory & due diligence)	**11,604**	34,000

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Rounding of Accounts

The parent entity has applied the relief available to it in ASIC Class Order 98/100 dated 10 July 1998 and, accordingly, amounts in the financial statements and Report of the Directors 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 the Board of Directors.

Mr. Ian Russell Davis, Director

Mr. Michael Alan Brockhoff, Director

Dated this 20th day of August 2010

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of MaxiTRANS Industries Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(I) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(II) No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG
Melbourne
20 August 2010

Adrian V King
Partner

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2010

In the opinion of the directors of MaxiTRANS Industries Limited ("the Company"):

(a) the consolidated financial statements and notes as set out on pages 29 to 69, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the 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.

There are reasonable grounds to believe that the Company and the group entities identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2010.

The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

Mr. Ian Russell Davis, Director

Mr. Michael Alan Brockhoff, Director

Dated this 20th day of August 2010

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	2009 $'000
Total revenue	2	**235,387**	252,621
Changes in inventories of finished goods and work in progress		**1,252**	(5,419)
Raw materials and consumables used		**(144,013)**	(155,096)
Other income	3	**132**	153
Employee expenses		**(60,063)**	(61,439)
Depreciation and amortisation expenses	4	**(6,029)**	(5,966)
Finance costs	4	**(1,588)**	(2,366)
Other expenses		**(19,396)**	(18,691)
Share of net profits of associates and joint ventures accounted for using the equity method	25	**1,442**	1,347
Profit before income tax & impairment charge		**7,124**	5,144
Impairment of goodwill	11	**–**	(6,137)
Profit/(loss) before income tax		**7,124**	(993)
Income tax expense	5(a)	**(1,358)**	(901)
Profit/(loss) for the year		**5,766**	(1,894)
Other comprehensive income			
Net exchange difference on translation of financial statements of foreign operations	17	**(135)**	(27)
Revaluation of land and buildings		**–**	(790)
Other comprehensive income/(loss) for the year, net of income tax		**(135)**	(817)
Total comprehensive income/(loss) for the year		**5,631**	(2,711)
Profit/(loss) attributable to:			
Equity holders of the company		**5,766**	(1,894)
Total comprehensive income/(loss) attributable to:			
Equity holders of the company		**5,631**	(2,711)
Earnings per share for profit /(loss) attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	16	**3.17¢**	(1.09¢)
Diluted earnings per share (cents per share)	16	**3.17¢**	(1.09¢)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying consolidated notes to the financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
Current Assets			
Cash and cash equivalents		**2,134**	2,357
Trade and other receivables	6	**26,409**	20,727
Inventories	7	**34,442**	34,636
Current tax receivable	5(d)	**252**	455
Other	8	**1,150**	1,220
Total Current Assets		**64,387**	59,395
Non-Current Assets			
Investments accounted for using the equity method	9	**5,026**	4,365
Property, plant & equipment	10	**56,131**	55,465
Intangible assets	11	**25,081**	26,013
Other	8	**920**	810
Total Non-Current Assets		**87,158**	86,653
Total Assets		**151,545**	146,048
Current Liabilities			
Trade and other payables	12	**26,690**	23,482
Interest bearing loans and borrowings	13	**1,784**	1,248
Provisions	14	**6,252**	5,803
Total Current Liabilities		**34,726**	30,533
Non-Current Liabilities			
Interest bearing loans and borrowings	13	**22,255**	25,345
Deferred tax liabilities	5(c)	**5,060**	5,357
Provisions	14	**991**	659
Total Non-Current Liabilities		**28,306**	31,361
Total Liabilities		**63,032**	61,894
Net Assets		**88,513**	84,154
Equity			
Issued capital	15	**56,034**	55,492
Reserves	17	**9,749**	9,884
Retained profits		**22,730**	18,778
Total Equity		**88,513**	84,154

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued capital $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2008		53,406	11,129	(428)	26,951	91,058
Comprehensive income for the year						
Profit/(loss) for the year		–	–	–	(1,894)	(1,894)
Other comprehensive income						
Net exchange differences on translation of financial statements of foreign operations	17	–	–	(27)	–	(27)
Revaluation of land and buildings	17	–	(790)	–	–	(790)
Total comprehensive income for the year		–	(790)	(27)	(1,894)	(2,711)
Transactions with owners recorded directly in equity						
Dividends to equity holders	18	–	–	–	(6,440)	(6,440)
Issue of ordinary shares	15	2,086	–	–	–	2,086
Share based payment transactions	20	–	–	–	161	161
Total transactions with owners		2,086	–	–	(6,279)	(4,193)
Balance at 30 June 2009		55,492	10,339	(455)	18,778	84,154
Balance at 1 July 2009		55,492	10,339	(455)	18,778	84,154
Comprehensive income for the year						
Profit/(loss) for the year		–	–	–	5,766	5,766
Other comprehensive income						
Net exchange differences on translation of financial statements of foreign operations	17	–	–	(135)	–	(135)
Total comprehensive income for the year		–	–	(135)	5,766	5,631
Transactions with owners recorded directly in equity						
Dividends to equity holders	18	–	–	–	(1,814)	(1,814)
Issue of ordinary shares	15	542	–	–	–	542
Total transactions with owners		542	–	–	(1,814)	(1,272)
Balance at 30 June 2010		**56,034**	**10,339**	**(590)**	**22,730**	**88,513**

The consolidated statement of changes in equity is to be read in conjunction with the consolidated notes to the financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	2009 $'000
Cash Flows from Operating Activities			
Receipts from customers		**253,806**	289,400
Payments to suppliers & employees		**(242,284)**	(268,226)
Interest received		**132**	153
Interest & other costs of finance paid		**(1,588)**	(2,366)
Income tax paid		**(1,343)**	(4,889)
Net Cash Provided by/(Used in) Operating Activities	26(a)	**8,723**	14,072
Cash Flows from Investing Activities			
Payments for property, plant & equipment		**(5,395)**	(2,061)
Dividends received		**720**	932
Proceeds from sale of property, plant & equipment		**489**	1,799
Net Cash Provided by/(Used in) Investing Activities		**(4,186)**	670
Cash Flows from Financing Activities			
Net proceeds from share issue		**–**	1,790
Transaction costs arising from share issue		**–**	(43)
Proceeds from borrowings		**1,474**	–
Repayment of borrowings		**(4,158)**	(8,927)
Payment of finance lease liabilities		**(804)**	(1,072)
Dividends paid		**(1,272)**	(6,101)
Net Cash Provided by/(Used in) Financing Activities		**(4,760)**	(14,353)
Net increase/(decrease) in cash		**(223)**	389
Cash and cash equivalents at beginning of year		**2,357**	1,968
Cash and cash equivalents at end of year		**2,134**	2,357

The consolidated statement of cash flows is to be read in conjunction with the consolidated notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

MaxiTRANS Industries Limited (the 'Company') is a company domiciled in Australia and its registered office is 346 Boundary Road, Derrimut, Victoria. The consolidated financial statements of MaxiTRANS Industries Limited as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities.

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. These accounting policies have been consistently applied to all periods presented in the consolidated financial report by each entity in the Group and are consistent with those of the previous year.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Group has applied the relief available to it in ASIC Class Order 98/100 dated 10 July 1998 and, accordingly, amounts in the financial statements and Report of the Directors have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

The financial report was approved by the board of directors on 20 August 2010.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 2009-5 'Further amendments to Australian Accounting Standards arising from the Annual Improvements Process' affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

Other Australian Accounting Standards issued but not yet effective are not expected to result in significant accounting policy or disclosure changes.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

(a) Principles of consolidation

The consolidated financial report comprises the financial statements of MaxiTRANS Industries Limited and all of its subsidiaries. A subsidiary is any entity controlled by MaxiTRANS Industries Limited or any of its subsidiaries. Control exists where MaxiTRANS Industries Limited has the power directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A list of subsidiaries is contained in Note 23 to the financial statements.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Where subsidiaries have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Associates are those entities for which the Group has significant influence, but not control, over the associate's financial and operating policies. The financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associate.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on a weighted average basis and include direct materials, direct labour and an appropriate proportion of variable and fixed factory overheads, based on the normal operating capacity of the production facilities.

Net realisable value is determined on the basis of each inventory line's normal selling pattern.

(d) Property, plant and equipment

(i) Owned assets

Land and buildings

Property whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Independent valuations were obtained as at 30 June 2008 and were updated at 30 June 2009 and 30 June 2010 in relation to all land and buildings. The updated independent valuations were considered by the directors in establishing revaluation amounts.

If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of Asset Revaluation Reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is debited directly to equity under the heading of Asset Revaluation Reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Changes to an asset's carrying amount are brought to account together with the tax effects applicable to the revaluation amount.

Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (h)). The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads. The cost of self-constructed assets and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases for which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. The plant and equipment acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Lease payments are accounted for as described in accounting policy (v).

(iii) Depreciation

Depreciation is charged to the consolidated profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are reflected in the following rates in the current and comparative periods:

	2010	2009
Buildings	**2.5-4.0%**	2.5-4.0%
Plant and equipment	**5.0-50%**	5.0-50%
Leased plant and equipment	**10.0-22.5%**	10.0-22.5%

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(e) Intangibles

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the consideration transferred for the acquisition and the net recognised amount (generally fair value of the identifiable assets acquired and liabilities assumed), all measured as of acquisition date.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy (h)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the consolidated profit and loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the consolidated profit and loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (h)).

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see following) and impairment losses.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Amortisation

Amortisation of intangibles other than goodwill is charged to the consolidated profit and loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least at each annual reporting date. Other intangible assets are amortised from the date that they are available for use. The estimated useful lives are reflected in the following rates in the current and comparative periods:

	2010	2009
Brand names	1.0%	1.0%
Intellectual property	2.0-5.0%	2.0-5.0%
Patents & trademarks	5.0-33.3%	5.0-33.3%

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy (h)).

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(h) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (c)) and deferred tax assets (see accounting policy (o)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at least annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated profit and loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the consolidated profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(j) Reversals of impairment

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated profit and loss over the period of the borrowings on an effective interest basis.

(l) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the consolidated profit and loss as incurred.

(ii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to Commonwealth Government bonds at the reporting date which have maturity dates approximating the terms of the Group's obligations.

(iii) Share based payments transactions

MaxiTRANS Industries Limited previously granted options to certain employees under the Executive Option Plan. This plan was terminated during the year ended 30 June 2009. Refer note 20 for further details. The following details the relevant accounting policy until cancellation.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity recorded over the vesting period.

The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account in both the current and prior periods where applicable.

(iv) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(m) Provisions

A provision is recognised in the consolidated statement of financial performance when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(n) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and known warranty claims.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the consolidated profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(p) Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is MaxiTRANS Industries Limited.

(q) Nature of tax funding arrangements and tax sharing agreements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts.

The head entity in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(r) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(s) Revenue

(i) Revenue from the sale of goods

Revenue from the sale of goods is recognised upon the constructive delivery of goods to customers in accordance with contracted terms, at which point the significant risks and rewards of ownership are transferred.

(ii) Revenue from the rendering of services

Revenue from the rendering of services is recognised upon completion of the contract to provide the service.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Other income

Interest income is recognised in the consolidated profit and loss as it accrues, using the effective interest method.

(iv) Dividend income

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

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(u) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(v) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the consolidated profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated profit and loss as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest method, foreign exchange losses, and losses on hedging instruments that are recognised in the consolidated profit and loss. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are recognised in the consolidated profit and loss using the effective interest method.

(w) Derivative financial instruments

The Group from time to time uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

(x) Accounting estimates and judgements

Management discussed with the Audit and Risk Management Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of goodwill and intangibles

The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with accounting policy (h).

These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Management has not incorporated the potential impact of any liabilities under the National Carbon Pollution Reduction Scheme into the cash flow projections as it is too early, at this stage, to quantify the impacts. Uncertainties include the price of the emission permits in the years beyond the first year of the commencement of the scheme, the ability to pass on the cost of the permits and the impacts on costs charged by suppliers.

(ii) Provisions

The calculation of the provisions for warranty claims and impairment provisions for inventory and receivables involves estimation and judgement surrounding future claims and potential losses and exposures based primarily on past experience, the likelihood of claims or losses and exposures arising in the future as well as management knowledge and experience together with a detailed examination of financial and non financial information and trends. Refer accounting policy (m) for details of details of the recognition and measurement criteria applied.

(y) Financial Risk Management

(i) Overview

The Group has exposure to credit, market and liquidity risks associated with the use of financial instruments.

The Board has delegated to the Audit and Risk Management Committee responsibility for the establishment of policies on risk oversight and management.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk controls, and to monitor risks and adherence to limits.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates and interest rates. The carrying value of financial assets and financial liabilities recognised in the accounts approximate their fair value with the exception of borrowings which are recorded at amortised cost.

There have not been any changes to the objectives, policies and procedures for managing risk during the current year or in the prior year.

(ii) Capital Management

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

The Board monitors the earnings per share and the levels of dividends to ordinary shareholders together with the net debt/equity ratio, which at 30 June 2010 was 25% (2009: 29%). The Dividend Reinvestment Plan was again active during the year. The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages afforded by a sound capital position.

(z) Segment reporting

As of July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Managing Director. In this regard, such information is provided using different measures to those used in preparing the statement of comprehensive income and statement of financial position. Reconciliations of such management information to the statutory information contained in the financial report have been included.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This change is due to the adoption of AASB 8 'Operating Segments'. Comparative segment information has been re-presented in conformity with the requirements of the new standard.

(aa) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Land and buildings

The fair value of property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing and knowledgeable buyer and seller in an arm's length transaction after proper marketing.

(ii) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(iv) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(ab) Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000
2. REVENUE		
Sale of goods	**228,880**	247,222
Rendering of services	**6,507**	5,399
Total Revenue	**235,387**	252,621
3. OTHER INCOME		
Interest revenue from other parties	**132**	153
Total Other Income	**132**	153
4. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before related income tax expense has been determined after charging/(crediting) the following items:		
Finance costs:		
– interest – bank loans and overdraft	**1,267**	2,122
– finance lease charges	**321**	244
Total finance costs	**1,588**	2,366
Employee benefits:		
Post employment benefits		
– Superannuation contributions	**3,508**	3,913
Redundancy costs	**881**	1,428
Depreciation:		
– property	**434**	434
– plant and equipment	**3,862**	3,922
Total depreciation	**4,296**	4,356
Amortisation of non-current assets:		
– intellectual property	**818**	818
– brand names	**69**	69
– patents and trademarks	**45**	45
– capitalised leased assets	**801**	678
Total amortisation	**1,733**	1,610

	Consolidated 2010 $'000	Consolidated 2009 $'000
4. PROFIT FROM ORDINARY ACTIVITIES (continued)		
Net expenses from movements in provision for:		
– employee entitlements	**915**	(1,201)
– warranty	**(109)**	68
– other	**95**	203
Net expense resulting from movements in provisions	**901**	(930)
Rental expense on operating leases	**2,489**	2,327
Research and development expenditure written off as incurred	**414**	939
Crediting as income:		
Net (gain)/loss on disposal of:		
– property plant and equipment	**(67)**	(42)

5. TAXATION

(a) Income tax

	2010 $'000	2009 $'000
Numerical reconciliation between tax expense and pre-tax net profit		
Prima facie tax payable on operating profit at 30% (2008: 30%)	**2,137**	(298)
Add/(deduct) tax effect of:		
Research & development allowance	**(257)**	(374)
Non deductible expenses	**174**	1,941
Associate equity accounted income	**(433)**	(404)
Prior year adjustments	**(243)**	(12)
Reduction in tax rate for foreign operations	**(20)**	–
Share based payments	**–**	48
	(779)	1,199
Income tax expense in consolidated profit and loss	**1,358**	901
Income tax expense attributable to operating profit is made up of:		
Current tax expense	**1,898**	590
Prior year adjustment – current tax	**(243)**	(12)
Deferred tax expense		
– origination and reversal of temporary difference	**(277)**	163
– impact of reduction in tax rate	**(20)**	–
– prior year adjustment – deferred differences	**–**	160
Income tax expense in consolidated profit and loss	**1,358**	901

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000
5. TAXATION (continued)		
(b) Deferred tax assets		
The deferred tax assets are made up of the following estimated tax benefits:		
– Provisions and accrued employee benefits not currently deductible	3,076	2,897
– Leases	135	233
– Depreciation and amortisation	–	62
– Carry forward losses	6	6
– Intellectual property	325	368
– Net tax (asset)/liabilities	(3,542)	(3,566)
	–	–
Balance at beginning of year	–	–
Reversal of prior year offset	3,566	4,031
Recognised in profit or loss	(24)	(465)
Net tax (asset)/liabilities	(3,542)	(3,566)
	–	–
(c) Deferred tax liabilities		
The deferred tax liability is made up of the following estimated tax expenses:		
– Difference in amortisation of intangibles for income tax and accounting purposes	3,700	3,720
– Deferred expenses	261	261
– Depreciation and amortisation	4,311	4,610
– Other	330	332
– Net tax (asset)/liabilities	(3,542)	(3,566)
	5,060	5,357
Balance at beginning of year	5,357	5,355
Reversal of prior year offset	3,566	4,031
Recognised in profit or loss	(321)	(102)
Recognised in equity	–	(361)
Net tax (asset)/liabilities	(3,542)	(3,566)
	5,060	5,357

5. TAXATION (continued)

(d) Current tax asset – receivable

The current tax asset for the Group of $252,000 (2009: $455,000) represents the amount of income taxes receivable in respect of current and prior financial periods.

	Consolidated	
	2010 $'000	2009 $'000
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	**26,954**	21,103
Provision for impairment loss	**(545)**	(500)
	26,409	20,603
Other receivables	**–**	124
Total trade and other receivables	**26,409**	20,727

	Consolidated 2010		Consolidated 2009	
	Gross $'000	**Impairment $'000**	Gross $'000	Impairment $'000
Impairment losses				
Not past due	**22,442**	**91**	14,509	–
Past due 0 – 30 days	**3,145**	**5**	3,420	–
Past due 31 – 60 days	**674**	**6**	757	–
Past due 61 days	**693**	**443**	2,417	500
	26,954	**545**	21,103	500

	Consolidated	
	2010 $'000	2009 $'000
The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:		
Balance at 1 July	**500**	159
Impairment loss recognised	**158**	513
Bad debts	**(113)**	(172)
Balance at 30 June	**545**	500

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $'000	Consolidated 2009 $'000
7. INVENTORIES			
Second-hand units – at net realisable value		**2,877**	3,461
Finished goods – at cost		**18,905**	16,563
Work in progress – at cost		**3,169**	4,090
Raw materials – at cost		**11,283**	11,574
Less: provision for impairment loss		**(1,792)**	(1,052)
Total inventories		**34,442**	34,636
8. OTHER ASSETS			
Current			
Prepayments		**1,150**	1,220
		1,150	1,220
Non-current			
Other debtors		**920**	810
		920	810
9. INVESTMENTS			
Non-current			
Investments in associated entities accounted for using the equity method	25	**5,026**	4,365
		5,026	4,365

	Consolidated	
	2010	2009
	$'000	$'000
10. PROPERTY PLANT & EQUIPMENT		
Land and Buildings		
Land and buildings at fair value	**42,622**	38,777
Accumulated depreciation	**(434)**	–
Total land and buildings	**42,188**	38,777
Plant and Equipment		
Plant & equipment at cost	**27,004**	28,608
Accumulated depreciation	**(18,043)**	(16,677)
	8,961	11,931
Office equipment at cost	**3,768**	4,197
Accumulated depreciation	**(3,044)**	(3,140)
	724	1,057
Leased plant & equipment	**5,040**	4,879
Accumulated depreciation	**(1,574)**	(1,257)
	3,466	3,622
Capital work in progress	**792**	78
Total plant and equipment	**13,943**	16,688
Total property plant and equipment	**56,131**	55,465

Independent valuations were obtained as at 30 June 2008 and updated at 30 June 2009 and 30 June 2010 in relation to all land and buildings held at that time, for use by the directors in measuring land and buildings at fair value.

Refer to Note 30(e) for details of security over land and buildings.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

10. PROPERTY PLANT & EQUIPMENT (continued)

Reconciliations

Reconciliations of the carrying amounts for each class of property plant and equipment are set out below:

	Consolidated	
	2010 $'000	2009 $'000
Land and buildings		
Carrying amount at the beginning of the financial year	38,777	39,698
Additions	3,934	641
Fair value (decrement)/increment	–	(1,151)
Depreciation	(434)	(434)
Exchange rate variance	(89)	23
Carrying amount at the end of the financial year	42,188	38,777
Plant and equipment		
Carrying amount at the beginning of the financial year	11,931	12,650
Additions	43	133
Transfers from capital works in progress	500	2,581
Transfers (to)/from leased plant and equipment	288	222
Disposals	(418)	(255)
Depreciation	(3,336)	(3,399)
Exchange rate variance	(47)	(1)
Carrying amount at the end of the financial year	8,961	11,931
Office equipment		
Carrying amount at the beginning of the financial year	1,057	1,026
Additions	204	165
Transfers from capital works in progress	–	391
Disposals	(4)	(2)
Depreciation	(526)	(523)
Exchange rate variance	(7)	–
Carrying amount at the end of the financial year	724	1,057
Leased plant and equipment		
Carrying amount at the beginning of the financial year	3,622	2,467
Additions	933	2,055
Transfers from/(to) plant and equipment	(288)	(222)
Amortisation	(801)	(678)
Carrying amount at the end of the financial year	3,466	3,622
Capital works in progress		
Carrying amount at the beginning of the financial year	78	1,928
Additions	1,015	1,122
Capitalised borrowing costs	199	–
Transfers to property, plant and equipment	(500)	(2,972)
Carrying amount at the end of the financial year	792	78

	Consolidated 2010 $'000	Consolidated 2009 $'000
11. INTANGIBLES		
Goodwill at cost	**3,615**	3,615
Brand names at cost	**6,930**	6,930
Accumulated amortisation	**(691)**	(622)
	6,239	6,308
Intellectual property at cost	**22,649**	22,649
Accumulated amortisation	**(8,000)**	(7,182)
	14,649	15,467
Patents and trademarks at cost	**891**	891
Accumulated amortisation	**(313)**	(268)
	578	623
Total Intangibles	**25,081**	26,013
Goodwill allocation by CGU:		
Freighter	**2,853**	2,853
Maxi-CUBE	**762**	762
	3,615	3,615

The only movement in the carrying value of intangibles during the year was in relation to amortisation as disclosed in note 4. An impairment charge of $6.137m was recognised during 2009.

Impairment tests for Goodwill

The recoverable amount of the Freighter and Maxi-CUBE CGU's is determined based on value-in-use calculations. These calculations use cash flow projections based on most recent budgeted projections by key operational management. These projections are derived based on current market conditions, order intake and expectations with regards to market share. Projections are extrapolated using estimated growth rates for a five year period with a terminal growth rate well below the long-term market average. The growth rate used is 4% which is based on the Australian Government, Department of Transport and Regional Services, 2004 Auslink White Paper and the post tax discount rate used is 13.3% (2009: 12.1%).

During the year ended 30 June 2009, an impairment charge of $6.137m was recorded in respect of the Colrain CGU.

Any change in assumptions may impact the value-in-use calculations and therefore the carrying value of goodwill and other relevant assets.

Impairment tests for other intangible assets

The Group performed impairment testing of CGU's to which other intangible assets are allocated to pursuant to AASB 136 due to the existence of indicators of potential impairment during the year ended 30 June 2010. Results of this testing indicated that the recoverable amount of each CGU was found to be in excess of its carrying value. As such, no impairment charge was required for the year ended 30 June 2010. A post tax discount rate of 13.3% (2009:13.5%) was used in determining the recoverable amount.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	
	Note	**2010 $'000**	2009 $'000
12. TRADE AND OTHER PAYABLES			
Trade payables		**20,031**	17,148
Other payables and accruals		**6,659**	6,334
Total trade and other payables		**26,690**	23,482
13. INTEREST BEARING LOANS AND BORROWINGS			
Current			
Lease liability	27(a)	**1,784**	1,248
Total current interest bearing liabilities		**1,784**	1,248
Non Current			
Bank loans – secured	30(e)	**20,000**	22,935
Lease liability	27(a)	**2,255**	2,410
Total non-current interest bearing liabilities		**22,255**	25,345

Secured bank loans are subject to a floating interest rate. Interest rate swaps have been executed in respect of $8m (2009:$7m) of this debt in order to mitigate interest rate risk. Refer to note 30(b) for further details.

14. PROVISIONS			
Current			
Employee entitlements		**4,928**	4,370
Warranty		**1,324**	1,433
Total current provisions		**6,252**	5,803
Non Current			
Employee entitlements		**991**	659
Aggregate employee entitlements liability		**5,919**	5,029

Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below:

Warranty

Carrying amount at the beginning of the financial year	**1,433**	1,365
Provisions made/(used) during the year	**(109)**	68
Carrying amount at the end of the financial year	**1,324**	1,433

	Consolidated	
	2010	2009
Number of employees at the end of the financial year	**786**	786

	Consolidated	
	2010 $'000	2009 $'000
15. SHARE CAPITAL		
182,866,700 (2008: 181,402,667) fully paid ordinary shares	**56,034**	55,492
Total	**56,034**	55,492
Ordinary Shares paid up Capital at the beginning of the financial year 181,402,667	**55,492**	53,406
Shares issued during the year:		
– 1,464,033 on 23 April 2010 (i)	**542**	–
– 1,525,642 on 24 April 2009 (i)	**–**	339
– 8,134,870 on 27 April 2009 (ii)	**–**	1,790
– Transaction costs arising from the issue of shares pursuant to share purchase plan	**–**	(43)
At end of financial year	**56,034**	55,492

(i) Additions to contributed equity were made in accordance with the Company's dividend re-investment plan applicable to dividends paid on ordinary shares, issued at a discount of 5% to the volume weighted average price of MaxiTRANS shares traded in the ordinary course on ASX during the five trading days ended and including 26 March 2010 (2009:16 April 2009).

(ii) 8,134,870 shares at $0.22 per share were issued to shareholders through a share purchase plan.

Ordinary shares

Subject to the Constitution of the Company, holders of ordinary shares are entitled to vote as follows:

- Every shareholder may vote;
- On a show of hands every shareholder has one vote;
- On a poll every shareholder has:

(i) One vote for each fully paid share; and

(ii) For each partly paid share held by the shareholder, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on the share.

Subject to the Constitution of the Company, ordinary shares attract the right in a winding up to participate equally in the distribution of the assets of the Company (both capital and surplus), subject only to any amounts unpaid on shares.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

16. EARNINGS PER SHARE

Basic earnings per share

	Consolidated	
	2010 – $'000	2009 – $'000
Earnings reconciliation		
Net profit/(loss)	**5,766**	(1,894)
Basic earnings	**5,766**	(1,894)

	Consolidated	
	2010 – Number	2009 – Number
Weighted average number of shares		
Ordinary shares on issue at 1 July	**181,402,667**	171,742,155
Effect of shares issued during the year	**276,762**	1,799,767
Number for basic earnings per share	**181,679,429**	173,541,922

Diluted earnings per share

The Group does not have any options or other instruments classified as potential ordinary shares that would have a dilutionary effect on earnings per share. As such, diluted earnings per share is equal to basic earnings per share.

17. RESERVES

	Consolidated	
	2010 $'000	2009 $'000
Foreign currency translation	**(590)**	(455)
Asset revaluation	**10,339**	10,339
Total	**9,749**	9,884
Foreign currency translation reserve – movements during the year		
Balance at the beginning of the financial year	**(455)**	(428)
Net exchange difference on translation of foreign associate	**(61)**	(27)
Net exchange difference on translation of foreign operations	**(74)**	–
Balance at the end of the financial year	**(590)**	(455)
Asset revaluation reserve – movements during the year		
Balance at the beginning of the financial year	**10,339**	11,129
Revaluation of land and buildings	**–**	(1,151)
Deferred tax liability	**–**	361
Balance at the end of the financial year	**10,339**	10,339

17. RESERVES (continued)

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations and the equity accounting of foreign associates.

Asset revaluation reserve
The asset revaluation reserve includes the net revaluation increments arising from the revaluation of land and buildings.

18. DIVIDENDS

Dividends paid	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percent franked
2010					
Interim – ordinary	1.00	1,814	23 April 2010	30% (Class C)	100%
Total franked amount	**1.00**	**1,814**			
2009					
Final – ordinary	2.75	4,723	10 October 2008	30% (Class C)	100%
Interim – ordinary	1.00	1,717	24 April 2009	30% (Class C)	100%
Total franked amount	**3.75**	**6,440**			
Dividends proposed					
Final – ordinary	**1.00**	**1,829**	15 October 2010	30% (Class C)	100%

The above dividend was declared after the end of the financial year and will be paid on 15 October 2010. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2010 and will be recognised in subsequent financial statements.

Dividend re-investment plan

The Company's dividend reinvestment plan ("DRP") will apply to the above dividend for the benefit of shareholders who wish to participate. The terms of the DRP provide for additional shares to be issued in lieu of the cash dividend otherwise payable on participating shares.

	The Company	
Dividend franking account	**2010 $'000**	2009 $'000
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	**4,761**	3,593

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking debits that will arise from current tax receivables.

The ability to utilise the franking credits is dependent upon the ongoing solvency of the Company. The impact on the dividend franking account of dividends proposed after the reporting date but not recognised as a liability is to reduce it by $783,714 (2009: $Nil).

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

19. SEGMENT INFORMATION

It is the Group's policy that inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses. There have been no changes in reportable segments during the year. Total finance costs of the Group are included in unallocated corporate costs.

Year ended 30 June 2010

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Revenue					
External segment revenue	180,046	49,860	3,693	–	233,599
Inter-segment revenue	1,684	16,618	–	(18,302)	–
Total segment revenue	**181,730**	**66,478**	**3,693**	**(18,302)**	**233,599**
Unallocated sundry sales					1,788
Total revenue					**235,387**
Segment Net profit before tax	**6,189**	**3,541**	**(222)**	**–**	**9,508**
Share of net profit of equity accounted investments					1,442
Unallocated corporate expenses					(3,826)
Profit before related income tax expense					7,124
Income tax expense					1,358
Net profit					**5,766**
Depreciation and amortisation	4,827	971	8	–	5,806
Unallocated depreciation and amortisation					223
Total depreciation and amortisation					**6,029**
Assets					
Segment assets	114,153	24,886	1,197	–	140,236
Unallocated corporate assets					11,309
Consolidated total assets					**151,545**
Liabilities					
Segment liabilities	9,086	6,213	39	–	15,338
Unallocated corporate liabilities					47,694
Consolidated total liabilities					**63,032**
Capital expenditure[i]	3,347	2,801	–	–	6,148
Unallocated capital expenditure					180
Consolidated capital expenditure					**6,328**

19. SEGMENT INFORMATION (continued)

Year ended 30 June 2009

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Revenue					
External segment revenue	199,726	47,752	3,048	–	250,526
Inter-segment revenue	4,212	6,654	–	(10,866)	–
Total segment revenue	**203,938**	**54,406**	**3,048**	**(10,866)**	**250,526**
Unallocated sundry revenue					2,095
Total revenue					**252,621**
Segment net profit before tax & impairment charge	5,131	761	(133)		5,759
Impairment charge	–	(6,137)	–	–	(6,137)
Segment net profit before tax	**5,131**	**(5,376)**	**(133)**	**–**	**(378)**
Share of net profit of equity accounted investments					1,347
Unallocated corporate expenses					(1,962)
Profit before related income tax expense					(993)
Income tax expense					(901)
Net profit					**(1,894)**
Depreciation and amortisation	4,695	1,033	8	–	5,736
Unallocated depreciation and amortisation					230
Total depreciation and amortisation					**5,966**
Assets					
Segment assets	108,910	24,762	2,622	–	136,294
Unallocated corporate assets					9,754
Consolidated total assets					**146,048**
Liabilities					
Segment liabilities	14,474	5,583	58	–	20,115
Unallocated corporate liabilities					41,779
Consolidated total liabilities					**61,894**
Capital expenditure[i]	3,141	900	–	–	4,041
Unallocated capital expenditure					75
Consolidated capital expenditure					**4,116**

(i) Capital expenditure includes acquisition of leased assets

Geographical segments

The Group's external revenues are predominantly derived from customers located within Australia.
The Group's assets and capital expenditure activities are predominantly located within Australia.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

20. EXECUTIVE SHARE OPTION PLAN

The Company had an Executive Option Plan ("EOP") approved at the annual general meeting on 19 October 2007. The plan provided for the grant of options to senior executives for no consideration. Total options granted under the plan may not exceed 5% of the Company's issued capital.

Subject to the ASX Listing Rules, the terms of the EOP could be amended by the Board at any time. The EOP could be terminated by the Board at any time but without prejudice to any accrued rights of option holders at that time.

In March 2009 the Board reviewed the EOP in light of the economic and market climate and exercised discretion, as provided by the terms of the EOP and terminated the Plan and cancelled all options granted and /or vested.

There were no options issued or on issue at any time during the reporting period.

Summary of options over unissued ordinary shares

Details of options over unissued ordinary shares as at the beginning and end of the prior reporting period and movements during the year are set out in the following table:

30 June 2009

Grant date	Exercise date on or after	Expiry date	Exercise price (cents)	No of options at beginning of year	Options granted	Options cancelled	No of options on issue at end of year	Proceeds received ($)
Director and Executive Option Plan approved 19 October 2007								
4 Dec 2007 19 Dec 2007	30 Sep 2008	31 Dec 2013	65	1,900,000	–	1,900,000	–	–
4 Dec 2007 19 Dec 2007	30 Sep 2009	31 Dec 2013	65	1,900,000	–	1,900,000	–	–
1 Sep 2008	30 Sep 2009	31 Dec 2013	62	–	366,650	366,650	–	–
4 Dec 2007 19 Dec 2007	30 Sep 2010	31 Dec 2013	65	1,900,000	–	1,900,000	–	–
1 Sep 2008	30 Sep 2010	31 Dec 2013	62	–	366,650	366,650	–	–
				5,700,000	**733,300**	**6,433,300**	**–**	**–**

No options vested during the above period. All options on issue were cancelled.

The fair value of shares issued as a result of exercising the options during the reporting period at their issue date is the market price of shares of the Company on the Australian Stock Exchange as at the close of trading.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes method. The contractual life of the option is used as an input into this model.

Share options are granted under a service condition and, for grants to key management personnel, non-market performance conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

20. EXECUTIVE SHARE OPTION PLAN (continued)

Employee Expenses	Consolidated	
	2010 $'000	2009 $'000
Share Options granted in 2008 and 2009 financial years	–	161
Total share based payment expense recognised as employee costs	–	161

21. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in controlled entities: Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 23 to the financial statements.

Equity interests in associated entities: Details of the percentage of ordinary shares held in associated entities are disclosed in Note 25 to the financial statements.

(b) Director and key management personnel disclosures

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the directors of the Company and executives for the Company and the Group including the five most highly remunerated executives of the Company and the Group.

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

- Mr I Davis (Chairman)
- Mr J Curtis (Deputy Chairman)
- Mr G Lord
- Mr R Wylie (appointed September 2008)

Executive directors

- Mr M Brockhoff (Managing Director)

Executives

Company:

- Mr M Mattia (Chief Financial Officer and Company Secretary)
- Mr G Walker (General Manager – Manufacturing)

Consolidated:

- Mr A Wibberley (General Manager – Lusty EMS Pty Ltd)
- Mr J Rush (General Manager – Hamelex White) – resigned effective 15 April 2010
- Mr N Zantuck (General Manager – Vic Branch)
- Mr P Loimaranta (General Manager – Colrain Pty Ltd)

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

21. RELATED PARTY DISCLOSURES (continued)

(c) Directors' and executives' holdings of shares and share options

For each director and director related entities and executives, the movements in shares and options held directly, indirectly or beneficially at the reporting date in the Company are set out below:

2010 Shares

MaxiTRANS Industries Limited	Held at 1 July 2009	Purchases	Sales	Held at 30 June 2010
Directors:				
Mr M Brockhoff	2,279,000	392,500	–	2,671,500
Mr I Davis	1,134,928	30,000	–	1,164,928
Mr J Curtis (i)	23,735,236	33,831	–	23,769,067
Mr G Lord	1,039,604	–	–	1,039,604
Mr R Wylie	21,364	–	–	21,364
Executive:				
Mr. P Loimaranta	5,000	10,000	–	15,000

2009 Shares

MaxiTRANS Industries Limited	Held at 1 July 2008	Purchases	Sales	Held at 30 June 2009
Directors:				
Mr M Brockhoff	2,229,000	50,000	–	2,279,000
Mr I Davis	1,112,200	22,728	–	1,134,928
Mr J Curtis (i)	20,213,663	3,521,573	–	23,735,236
Mr G Lord	4,034,414	–	2,994,810	1,039,604
Mr R Wylie	–	21,364	–	21,364
Executive:				
Mr. P Loimaranta	–	5,000	–	5,000

(i) 2,994,810 shares are held subject to a call option over the shares for three years commencing 9 October 2008 taken by entities associated with Mr. G Lord on the exercise of which entities associated with Mr. J Curtis will be required to sell the shares to the option holders at fifty cents per share plus 50% of any excess in the share price above fifty cents at the date of the exercise.

Options

Details of directors' and executives' options are set out in the Remuneration Report.

(d) Directors' transactions in shares and share options

Directors and their related entities acquired 456,331 existing ordinary shares in MaxiTRANS Industries Limited during the year.

21. RELATED PARTY DISCLOSURES (continued)

(e) Individual directors' and executives' compensation disclosure

Details of directors' and executives' remuneration and retirement benefits are disclosed in the Remuneration Report.

(f) Director and other key management personnel transactions

MaxiTRANS Industries Limited and controlled entities paid legal fees of $162,000 (2009: $108,000) to Minter Ellison of which Mr I. Davis is a senior partner. All dealings were in the ordinary course of business and on normal commercial terms and conditions. Amounts owing at year end total $nil (2009: $Nil).

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

(g) Transactions with non-director related entities

All transactions with associated companies are on normal terms and conditions.

(h) Transactions with associate companies

During the year the company derived revenue from associates of $27,720,000 (2009: $29,072,000) for the sale of new units, parts and the provisions of services. Amounts receivable from associates at year end total $5,703,800 (2009: $3,422,500)

During the year the company paid for services and parts from associates totalling $2,984,000 (2009: $1,484,000). Amounts owing at year end total $237,000 (2009: $51,000)

All dealings were in the ordinary course of business and on normal commercial terms and conditions.

(i) Key management personnel benefits

The key management personnel compensation included in remuneration (see Remuneration Report) are as follows:

	Consolidated	
	2010 **$'000**	2009 $'000
Short-term employee benefits	**2,134**	2,352
Post-employment benefits	**244**	275
Share based payment benefits	**–**	150
	2,378	2,777

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

22. PARENT ENTITY

As at 30 June 2010 and throughout the financial year ending on that date, the parent company of the Group was MaxiTRANS Industries Limited.

	Company	
	2010	2009
	$'000	$'000
Results of the parent company		
Profit/(loss) for the year	**(301)**	5,100
Other comprehensive income	**–**	–
Total comprehensive income	**(301)**	5,100
Financial position of the parent company		
Current assets	**34,746**	36,623
Total assets	**58,800**	60,681
Current liabilities	**113**	71
Total liabilities	**223**	531
Net Assets	**58,577**	60,150
Total equity of the parent company comprising of:		
Issued capital	**56,034**	55,492
Retained profits	**2,543**	4,658
Total equity	**58,577**	60,150

Parent company investment in subsidiaries and associate companies

Investments in subsidiaries and associate companies are carried at historical cost in the parent company less, where applicable, any impairment charge.

Parent company guarantees in respect of debts of its subsidiaries

The parent entity has entered into a "Deed of Cross Guarantee" with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 24.

Parent company contingencies

At any given point in time, the parent company may be engaged in defending legal actions brought against it. The directors are not aware of any such actions that would give rise to a material contingent liability to the parent company.

Parent company capital commitments

The parent company has no capital commitments for the acquisition of property plant and equipment.

23. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Country of incorp.	Class of shares	Interest held 2010 %	2009 %
The Company:				
MaxiTRANS Industries Limited				
Controlled entities of MaxiTRANS Industries Limited:				
MaxiTRANS Australia Pty Ltd	**Aust.**	Ord.	**100**	100
Transtech Research Pty Ltd	**Aust.**	Ord.	**100**	100
Trail Truck Parts Pty Ltd	**Aust.**	Ord.	**100**	100
MaxiTRANS Industries (N.Z.) Pty Ltd	**Aust.**	Ord.	**100**	100
Peki Pty Ltd	**Aust.**	Ord.	**100**	100
Ultraparts Pty Ltd	**Aust.**	Ord.	**100**	100
MaxiTRANS Services Pty Ltd	**Aust.**	Ord.	**100**	100
MaxiTRANS Finance Pty Ltd	**Aust.**	Ord.	**100**	100
Lusty EMS Pty Ltd	**Aust.**	Ord.	**100**	100
Hamelex White Pty Ltd	**Aust.**	Ord.	**100**	100
Colrain Pty Ltd	**Aust.**	Ord.	**100**	100
– Colrain Queensland Pty Ltd	**Aust.**	Ord.	**100**	100
– Colrain (Albury) Pty Ltd	**Aust.**	Ord.	**100**	100
– Colrain (Ballarat) Pty Ltd	**Aust.**	Ord.	**100**	100
– Colrain (Geelong) Pty Ltd	**Aust.**	Ord.	**100**	100
MaxiTRANS (China) Limited	**Hong Kong**	Ord.	**100**	100

24. DEED OF CROSS GUARANTEE

The Company, together with its subsidiaries, MaxiTRANS Australia Pty Ltd, Transtech Research Pty Ltd, Lusty EMS Pty Ltd, Peki Pty Ltd, MaxiTRANS Industries (NZ) Pty Ltd and Colrain Pty Ltd (effective 1 September 2008, previously ineligible) each of which is incorporated in Australia, entered into a "Deed of Cross Guarantee" so as to seek the benefit of the accounting and audit relief available under Class Order (98/1418) made by the Australian Securities & Investments Commission which was granted on 30 June 2006.

The consolidated statement of comprehensive income and consolidated statement of financial position comprising the Company and subsidiaries which are a party to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2010 is the same as for the Group.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

25. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

Name of Entity	Principal Activity	Ownership Carrying Amount 2010 %	2009 %	Consolidated Interest 2010 $'000	2009 $'000
Freighter Maxi-Cube Queensland Pty Ltd	Trailer retailer Repairs and service provider Sale of spare parts	**36.67**	36.67	**2,897**	2,347
Yangzhou Maxi-Cube Tong Composites Co. Limited	Panel manufacturer	**50.00**	50.00	**2,129**	2,018
				5,026	4,365

	Revenues (100%)	Profit (100%)	Share of associates profit recognised	Total assets	Total liabilities	Net assets as reported by associates	Share of associates net assets equity accounted
2010	66,365	3,584	1,442	29,765	18,733	11,032	5,026
2009	62,117	3,403	1,347	25,966	16,657	9,309	4,365

	Consolidated 2010 $'000	2009 $'000
Movements in carrying amounts of investments in associates		
Carrying amount of investments in associates at the beginning of the financial year	**4,365**	3,977
Profit distribution received from associates	**(720)**	(932)
Share of associates' profit and loss	**1,442**	1,347
Share of increment (decrement) in foreign currency reserves	**(61)**	(27)
Carrying amount of investments in associates at the end of the financial year	**5,026**	4,365
Retained profits		
Retained profits attributable to associates at the beginning of the financial year	**2,609**	2,194
Share of associates' net profits using the equity method	**1,442**	1,347
Profits distributed from associates	**(720)**	(932)
Retained profits attributable to associates at the end of the financial year	**3,331**	2,609

The balance date for Yangzhou Maxi-Cube Tong Composites Co. Ltd is 31 December.

Commitments

The share of associates' capital commitments contracted but not provided for or payable within one year was $nil at 30 June 2010 (2009: $146,000).

26. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash flows from operating activities with operating profit/(loss) after tax

	Consolidated	
	2010 $'000	2009 $'000
Profit/(loss) for the year	**5,766**	(1,894)
Non cash items in operating profit		
Depreciation/amortisation of assets	**6,029**	5,966
(Profit)/loss on sale of fixed assets	**(67)**	(42)
Share of associates (profit)/loss	**(1,442)**	(1,347)
Executive share options expense	**–**	161
Impairment of goodwill	**–**	6,137
Change in assets & liabilities		
(Increase)/decrease in receivables	**(5,682)**	9,936
(Increase)/decrease in other assets	**(40)**	(428)
(Increase)/decrease in inventories	**264**	10,104
Increase/(decrease) in accounts payable and other liabilities	**3,208**	(10,066)
Increase/(decrease) in income tax payable	**203**	(4,326)
Increase/(decrease) in deferred taxes	**(297)**	334
Increase/(decrease) in provisions	**781**	(463)
Net cash flows from operating activities	**8,723**	14,072

(b) Non-cash financing and investing activities

Acquisition of plant & equipment by means of finance leases	**933**	2,055

These acquisitions are not reflected in the consolidated statement of cash flows.

During the year ended 30 June 2010, 1,464,033 shares with a value of $542,000 were issued in accordance with the Company's ordinary share dividend re-investment plan (2009: $339,000).

27. CAPITAL AND LEASING COMMITMENTS

(a) Finance lease commitments

Payable		
– not later than 1 year	**1,291**	1,053
– later than 1 year but not later than 5 years	**3,300**	3,295
Minimum lease payments	**4,591**	4,348
Future finance charges	**(552)**	(690)
Total lease liability	**4,039**	3,658

The Group leases motor vehicles and selected plant and equipment under finance leases expiring from one to three years. At the end of the lease term the Group has the option to purchase the equipment at an agreed residual purchase price.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated 2010 $	Consolidated 2009 $

27. CAPITAL AND LEASING COMMITMENTS (continued)

(b) Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

	2010 $	2009 $
– not later than 1 year	**1,258**	1,502
– later than 1 year but not later than 5 years	**3,108**	701
Total operating lease commitments	**4,366**	2,203

The Group leases property under operating leases expiring from one to five years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

(c) Capital expenditure commitments

	2010 $	2009 $
Contracted but not provided for and payable not later than 1 year	90	**841**

28. CONTINGENT LIABILITIES

At any given point in time the Group may be engaged in defending legal actions brought against it. In the opinion of the directors such actions are not expected to have a material effect on the Group's financial position.

29. REMUNERATION OF AUDITOR

Remuneration of the auditor of the Company for:

	2010 $	2009 $
KPMG Australia		
– auditing or reviewing the financial statements	**193,500**	229,992
– other services (taxation & advisory)	**153,647**	100,000
	347,147	329,992
Overseas KPMG Firms		
– audit services	**12,800**	13,008
– other services (tax, advisory & due diligence)	**11,604**	34,000

30. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

30. FINANCIAL INSTRUMENTS (continued)

(b) Interest rate risk

The Group is exposed to interest rate risk as it borrows at both fixed and floating interest rates. The risk is managed by the use of fixed interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the statement of financial performance or protecting interest rate expense through different interest rate cycles.

As at reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	2010 $'000	2009 $'000
INTEREST RATE RISK		
Financial Assets		
Cash and cash equivalents – floating rate	**2,134**	2,357
Financial Liabilities		
Borrowings – fixed rate	**12,039**	10,658
Borrowings – floating rate	**12,000**	15,935

As at reporting date, if interest rates on borrowings had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Consolidated Net Profit after tax	
	2010 $'000	2009 $'000
Judgement of reasonably possible movements		
100bp increase with all other variables held constant	**(93)**	(112)
100bp decrease with all other variables held constant	**93**	112

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy counterparties and obtaining sufficient security where appropriate, as a means of mitigating the risk of financial losses from defaults.

The Group does not have any significant credit risk exposure to any single counter party. The majority of accounts receivable are due from entities within the transport industry.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

30. FINANCIAL INSTRUMENTS (continued)

The following table details the Group's maximum credit risk exposure as at the reporting date without taking account of the value of any security obtained.

The majority of the balances below are denominated in Australian dollars and therefore are not subject to currency risk.

		Maximum credit risk	
	Note	**2010 $'000**	2009 $'000
Recognised financial assets			
Cash and cash equivalents		**2,134**	2,357
Trade receivables	6	**26,409**	20,603
Other receivables	6, 8	**920**	934
		29,463	23,894

(d) Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in foreign currency, primarily United States Dollars and Euro. Derivative financial instruments are used by the Group to hedge exposure to exchange rate risk associated with foreign currency transactions.

Forward exchange contracts

The following table summarises the forward exchange contracts outstanding as at the reporting date:

	Consolidated							
	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2010	2009	**2010 FC'000**	2009 FC'000	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000
Buy US Dollar	**0.8523**	0.7702	**2,195**	648	**2,643**	841	**(67)**	(21)
Buy Euro	**0.6979**	0.5638	**501**	38	**743**	67	**(26)**	–
Buy GB Pound	**0.5666**	0.4848	**1,060**	32	**1,852**	67	**19**	–
					5,238	975	**(74)**	(21)

30. FINANCIAL INSTRUMENTS (continued)

As at reporting date, if the Australian Dollar had moved against each of the currencies as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Consolidated	
	Net Profit after tax	
	2010 $'000	2009 $'000
Judgement of reasonably possible movements		
US Dollar		
10.0 cents increase with all other variables held constant	**(236)**	(79)
EUR		
10.0 cents increase with all other variables held constant	**(81)**	(7)
GBP		
10.0 pence increase with all other variables held constant	**(183)**	(8)

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves, committed banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's liquidity management policies include Board approval of all changes to debt facilities including the terms of fixed rate debt. The liquidity management policies ensure that the Group has a well diversified portfolio of debt, in terms of maturity and source, which significantly reduces reliance on any one source of debt in any one particular year. Liquidity risk is managed by the Group based on net inflows and outflows from financial assets and financial liabilities. The following table summarises the maturities of the Group's financial assets and liabilities based on the remaining earliest contractual maturities.

Notes to the Consolidated Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2010

30. FINANCIAL INSTRUMENTS (continued)

30 June 2010	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	Greater than 5 years $'000
Financial Assets					
Cash and cash equivalents	**2,134**	–	–	–	–
Trade & other receivables	**26,409**	–	–	–	–
Financial Liabilities					
Trade payables	**26,690**	–	–	–	–
Borrowings	**1,048**	**736**	**1,486**	**20,769**	–

Effective interest rate on borrowings 7.20%

30 June 2009	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	Greater than 5 years $'000
Financial Assets					
Cash and cash equivalents	2,357	–	–	–	–
Trade & other receivables	20,727	–	–	–	–
Financial Liabilities					
Trade payables	23,482	–	–	–	–
Borrowings	818	430	23,695	1,650	–

Effective interest rate on borrowings 5.57%

	Consolidated 2010 $'000	2009 $'000
Finance Facilities		
At year end, the Group had the following financing facilities in place with its bankers:		
Available facilities		
Loan facility	**41,415**	31,415
Overdraft and invoice finance	**1,000**	11,000
Lease and asset finance facility	**7,800**	13,800
	50,215	56,215
Facilities utilised at balance date		
Loan facility	**20,000**	22,935
Lease and asset finance facility	**4,039**	3,658
	24,039	26,593
Facilities not utilised at balance date		
Loan facility	**21,415**	8,480
Overdraft and invoice finance	**1,000**	11,000
Lease facility	**3,761**	10,142
	26,176	29,622

30. FINANCIAL INSTRUMENTS (continued)

The loan, overdraft and other facilities are fully secured by a registered charge (mortgage debenture) over the whole of the assets and undertakings of the Group and a registered mortgage over certain land and buildings of controlled entities. The total carrying amount of assets pledged as security is $30,825,000 (2009: $38,150,000).

Core loan facilities are available until October 2012 subject to continuing compliance with the terms of the facilities. A commercial bill loan facility of $9,435,000 (not currently utilised) is available until December 2011 subject to continuing compliance with the terms of the facility. Interest rates are a combination of fixed and variable.

The bank overdraft facility is payable on demand and subject to annual review.

The Group is subject to externally imposed capital requirements. The terms and conditions of the bank facilities contain covenants in relation to gearing ratio, interest cover and EBITDA ratio. These covenants have been satisfied during the 2010 and 2009 financial years.

(f) Net fair value

Determination of net fair value

For the purposes of the above tables, net fair value has been determined in respect of financial assets and financial liabilities, with reference to the carrying amount of such assets and liabilities in the consolidated statement of financial position, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The valuation of all financial assets and liabilities listed below has been based on inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly.

The following tables detail the net fair value as at the reporting date of each class of financial asset and financial liability, both recognised and unrecognised.

	Carrying amount		Net fair value	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Financial assets at amortised cost				
Trade receivables	**26,409**	20,603	**26,409**	20,603
Other receivables	**470**	534	**470**	534
Non-derivative financial liabilities				
Accounts payable	**26,690**	23,482	**26,690**	23,482
Bank loans	**20,000**	22,935	**19,933**	22,935
Finance leases	**4,039**	3,658	**4,039**	3,658

31. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 30 June 2010.

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXITRANS INDUSTRIES LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Group comprising MaxiTRANS Industries Limited ("the Company") and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 31 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of MaxiTRANS Industries Limited for the year ended 30 June 2010, complies with Section 300A of the Corporations Act 2001.

KPMG

Adrian V King

KPMG
Melbourne
20 August 2010

Adrian V King
Partner

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders

The names of the substantial shareholders listed in the Company's register as at 31 July 2010 are:

	Ordinary shares
Perpetual Limited and subsidiaries	23,238,261
Transcap Pty Ltd & related parties	24,374,009

Voting rights

As at 31 July 2010, there were 4,117 holders of ordinary shares of the Company.

Subject to the Constitution of the Company, holders of ordinary shares are entitled to vote as follows:

(a) every shareholder may vote;

(b) on a show of hands every shareholder has one vote;

(c) on a poll every shareholder has:

(i) one vote for each fully paid share; and

(ii) for each partly paid share held by the shareholder, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on the share.

As at 31 July 2010, there were no unquoted options over unissued ordinary shares.

Distribution of shareholders
(As at 31 July 2010)

Category – No of shares	No of shareholders
1-1,000	288
1,000-5,000	1,030
5,001 – 10,000	801
10,001 – 100,000	1,814
100,001 and over	184
	4,117

Shareholders with less than a marketable parcel

As at 31 July 2010, there were 472 shareholders holding less than a marketable parcel of 1,613 ordinary shares ($0.31 on 31 July 2010) in the Company totalling 409,862 ordinary shares.

On market buyback

There is no current on-market buy-back.

Australian Stock Exchange Additional Information (cont)

FOR THE YEAR ENDED 30 JUNE 2010

TWENTY LARGEST SHAREHOLDERS – ORDINARY SHARES (AS AT 31 JULY 2010)

Name	Number of fully paid ordinary shares held	Percentage held of issued ordinary shares
RBC Dexia Investor Services Australia Nominees Pty Ltd	24,601,585	13.45%
Transcap Pty Ltd	17,935,549	9.81%
Citicorp Nominees Pty Ltd	5,545,400	3.03%
Toroa Pty Ltd	3,790,000	2.07%
Cogent Nominees Pty Ltd	3,745,179	2.05%
Sandhurst Trustees Ltd	3,438,135	1.88%
J P Morgan Nominees Australia Limited	2,468,320	1.35%
Tanerka Pty Ltd	2,015,000	1.10%
De Bruin Securities Pty Ltd	1,538,672	0.84%
John E Gill Trading Pty Ltd	1,523,206	0.83%
John E Gill Operations Pty Ltd	1,348,518	0.74%
Mr E D Ross	1,314,489	0.72%
Mr J R Curtis	1,287,260	0.70%
Mandel Pty Ltd	1,175,000	0.64%
Denvorcorp Holdings Pty Ltd	1,164,928	0.64%
National Nominees Limited	1,147,833	0.63%
Mr M Brockhoff	1,050,000	0.57%
Mr P H Hall	1,050,000	0.57%
Medical Research Foundation for Women and Babies	1,000,000	0.55%
HSBC Custody Nominees (Australia) Limited	979,842	0.54%
Belgravia Strategic Equities Pty Ltd	939,604	0.51%
TOTAL	79,058,520	**43.23%**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