CHAIRMAN'S ADDRESS TO
ANNUAL GENERAL MEETING
11:00 am, Friday, 15 October 2010

Ladies and Gentlemen,

Welcome to the 16th Annual General Meeting of MaxiTRANS Industries Limited.

As I have done in previous years, I would like to share with you a brief overview of the current position of our company and future outlook. Following this our Managing Director, Michael Brockhoff, will discuss the year in review and the operational performance of the company for the 2010 financial year.

As you are aware, due to proactive and decisive actions and initiatives implemented by the Board and management in the 2009 financial year, MaxiTRANS emerged from the depths of the GFC with a strong balance sheet and with key competencies and structure intact. This enabled us to capitalise on and benefit from the improvement in business conditions in early FY10 as a result of Government incentives aimed at stimulating demand for capital goods following a challenging FY09.

We are pleased to have reported a 26% increase in underlying net profit after tax in FY10 and to have declared a fully franked dividend of 1.0 cent per share, payable today. Following the fully franked interim dividend of 1.0 cent per share declared and paid to shareholders during the year, this takes the total fully franked dividend for FY10 to 2.0 cents per share.

After starting the year well and seeing an improvement in order intake compared to the prior year, the stimulatory impact of the Federal Government's incentives dissipated during the latter part of FY10 and we experienced a distinct change in customer sentiment from April 2010.

We attribute this change in the market to a number of factors.

- Increases in interest rates during FY10
- Increases in funding costs
- Difficulties experienced by SME transport operators accessing credit
- A reduction in freight volumes in a number of sectors of the economy

Each of these factors has adversely impacted demand for new trailing equipment and has placed additional pressure on transport operator margins. We have seen a number of smaller transport operators exit the market due to the difficult trading environment and there has been an increase in the number of financially distressed operators being placed into the hands of external administrators.

As a result of these factors we also experienced a cyclical surplus in the amount of trailing equipment available in the second hand market and this has created an opportunity for transport operators to secure near new equipment at significant discounts to the price of new equipment.

Unfortunately the market has not shown any tangible sign of improvement since the decline experienced in April 2010 and order enquiry and order intake continues to be subdued. We are also surprised that despite one of the best grain seasons for some time, we are still not experiencing a material uplift in demand for our rural products.

Pleasingly, our Colrain spare parts business achieved a record profit in FY10 and has continued to perform well in the first quarter of FY11. We expect this business to continue to perform in line with expectations as a result of the anticipated introduction of new and extended product ranges. Our Chinese joint venture (MTC) recovered strongly from the GFC and increased its contribution to group profit in FY10 by 29% over the prior year.

The Board continually reviews and assesses the company's objectives and strategy in light of current and expected economic and market conditions.

The altered economic landscape resulting from the GFC has caused the Board to focus more intensively on the current and future structure of the company's manufacturing footprint.

Following this extensive strategic review of our Australian operations we have moved to consolidate certain manufacturing operations to further our objective of achieving continuous improvement in operational efficiency and financial performance.

As a result of this review, we announced on the 20th of September our decision to transfer all Hamelex White manufacturing operations from our current facility in Hallam to our Ballarat manufacturing facility which produces Freighter trailers and Maxi-CUBE and Peki vans. As you are aware, our Ballarat facility has benefited from ongoing investment in people, systems and infrastructure and has improved its capabilities and operating capacity, thus enabling it to integrate manufacturing volumes for Hamelex White products. The transition is currently underway and will be completed by December 2010.

All Hamelex White engineering, sales and repairs/service functions will continue to operate from Hallam in the short term and will move to a stand alone retail and service facility in Dandenong South. This facility will also enable us to relocate the Hallam based Maxi-CUBE service and repair facility thereby providing additional capacity for this business to expand. We have commenced a marketing campaign to sell the existing Hallam manufacturing facility and existing Hallam Maxi-CUBE service and repair facility. In the absence of other strategic opportunities, we expect to utilise the proceeds to reduce debt.

Upon completion, the restructure will be earnings accretive (excluding one-off restructuring costs), will strengthen customer service in the South East of Melbourne and improve Hamelex White's competitiveness in the market thus allowing it to maintain its position as one of the pre-eminent tipper brands in Australia.

As part of the Board's review and assessment of the company's strategy it was also determined that opportunities existed to improve the effectiveness of the company's remuneration structure.

As outlined in the Remuneration Report section of the 2010 Annual Report, during the year the Directors reviewed the structure and composition of the Company's remuneration for executive directors and senior executives with the assistance of external consultants and advisors as well as a review of best practices adopted by other ASX companies of a similar size to MaxiTRANS.

The Directors have been very focussed on ensuring that MaxiTRANS provides a remuneration structure which genuinely attracts, motivates and retains executive talent and aligns the interests of management and shareholders.

We have since completed our review and confirm the following elements outlined in our Remuneration Report:

- the structure of executive director and senior management remuneration will continue to include a mix of fixed and performance-linked components;
- over the next 3 year period 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;
- the performance-linked component of total remuneration will continue to comprise a Short Term Incentive scheme and a Long Term Incentive scheme;
- over the next 3 year period 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;

Since publishing the Remuneration Report the Board has finalised the structure and composition of the LTI scheme.

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.

Performance Rights will vest and will be able to be exercised upon the achievement of specified long term 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 Board has set a long term incentive target for management to achieve an average 2% per annum increase in the Company's Return on Invested Capital (ROIC) during the period 1 July 2010 to 30 June 2013. Based on the Company's ROIC of 5.4% at 30 June 2010, this represents an increase of 111% over the 3 year period.

The minimum percentage of the LTI target that must be achieved over the 3 year period before any of the Performance Rights vest is 70% (i.e.: an average 1.4% per annum increase in the Company's ROIC), at which point 50% of the Performance Rights will vest. For each additional percentage point of the target that is achieved the percentage of Performance Rights that vest increases on a sliding scale. 100% of the Performance Rights will vest where the target is fully achieved or exceeded.

The Board is of the view that the revised remuneration structure will be effective in achieving the company's objectives.

Outlook

For the reasons already mentioned, we are unable to confidently predict any real improvement in market conditions in the short term.

At this stage we expect that trading conditions will continue to be difficult for the remainder of the first half of FY11 and it is possible that this may persist into the second half of this financial year.

We would expect the market to show more tangible signs of improvement upon:

- An improvement in the general economy in Australia (outside mining and resources);
- 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; and
- Improved economic conditions in the rural sector.

As previously mentioned, we expect that our parts and service business will continue to perform well as a result of the anticipated introduction of new and extended product ranges in FY11 and that contribution to group profit before tax will trend upward in FY11.

As foreshadowed in the Trading Update released to the ASX on Monday 4 October, 2010, based on current order banks and order intake patterns to date, unaudited internal management accounts and projections indicate that underlying net profit after tax for the six month period to 31 December 2010 is expected to be in the order of 70% to 80% lower than the prior corresponding period. This estimate includes a small underlying profit benefit arising from the recently announced restructure of Hamelex White manufacturing facilities and excludes approximately $1.7 million in restructuring costs.

We will continue to monitor market conditions and order patterns and inform shareholders should there be a material deviation to this projection.

The Directors are of the opinion that the appropriate strategies and foundations are in place to adapt to economic and current market conditions and to provide the base for improved financial performance as the markets for our products improve.

In the meantime, and as we have done to date, we will 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 efforts to grow the business.

Ian Davis

Chairman

15 October 2010