MaxiTRANS

ANNUALREPORT 2012

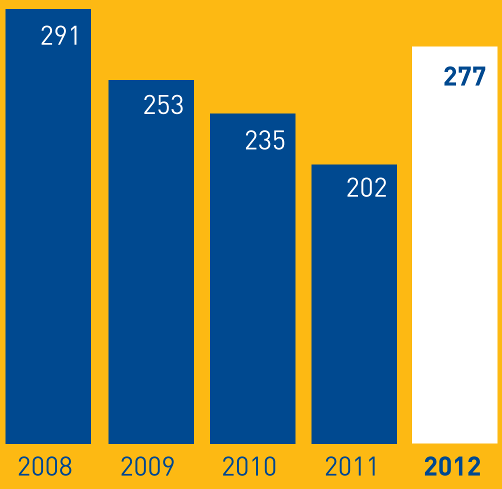
www.maxitrans.com

FINANCIAL YEAR 2012 OVERVIEW

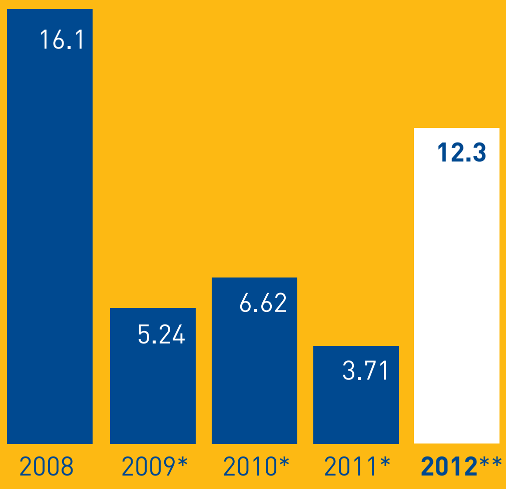
- > Revenue up 37%
- > NPAT up 196%**
- > EPS up 195%
- > Acquired Queensland Diesel Spares
- > Acquired AZMEB Global Trailers
- > Completed new, larger factory in New Zealand
- > Constructing new, larger factory in China

"The 2012 financial year marks another important and successful chapter in the strategic repositioning of the MaxiTRANS Group."

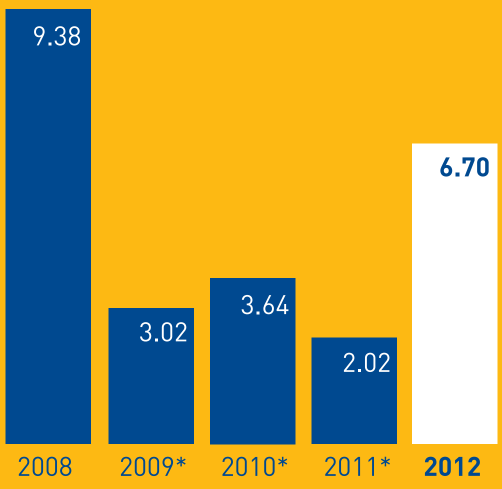
Ian Davis - Chairman



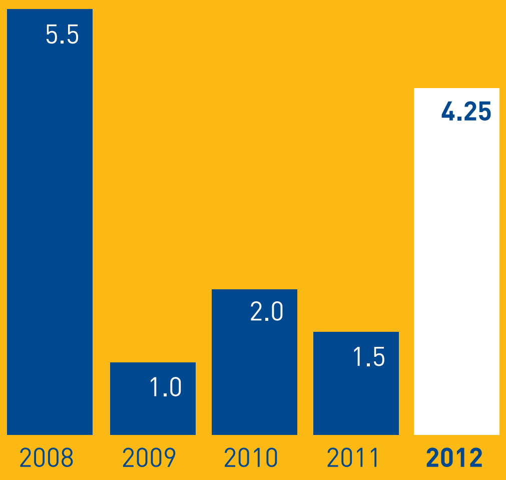
Revenue ($M)



Underlying Net Profit After Tax ($M)



Underlying Earnings Per Share (Basic) (Cents)



Ordinary Dividends Declared Per Share (Cents)

* Excludes impairment charges, restructuring costs and non-operating gains

** Underlying NPAT attributable to Equity Holders

2012 Chairman's & Managing Director's Review

The 2012 financial year marks another important and successful chapter in the strategic repositioning of the MaxiTRANS Group.

We are pleased to report a 37% increase in revenue to $277 million and a 196% increase in net profit attributable to MXI shareholders to $12.3 million as well as the successful completion of two strategically important acquisitions which will add to revenue and profit growth in FY13 and beyond while also increasing the weighting of our earnings towards less cyclical income streams.

The FY12 result was underpinned by improved market conditions and strong demand for all of our key brands, products and services and was enhanced by benefits which flowed from a number of strategic initiatives implemented in the previous financial year. These included:

- The rationalisation of our manufacturing footprint which reduced our fixed cost base by approximately $2 million and the re-configuration of our Ballarat manufacturing facility which improved production flows and efficiencies;
- A dedicated focus on the mining and resources sector enabling us to continue to develop our product range, presence and credibility in this market. On the back of the successful delivery of our first significant contract to design and manufacture extra heavy duty side tippers for coal cartage in Queensland, we have secured additional orders for delivery in early FY13; and
- The continued proactive management of our balance sheet and reduction in debt levels during the year resulting in lower interest costs and providing capacity to finance the acquisitions made in FY12.

During the year, the strategic base of the Group was further developed through a number of initiatives which are expected to contribute to future growth in earnings and shareholder value.

We have grown our recurring and most profitable income stream

On 2 April 2012, we acquired Queensland Diesel Spares Pty Ltd ("QDS"). QDS is a leading retailer of truck parts, accessories and consumables to the Queensland transportation and mining industries. Employing approximately 75 staff across 9 retail stores in Gladstone, Brisbane and the Gold Coast, QDS had annual sales revenue of more than $40 million and generated normalised earnings before interest and tax (EBIT) of approximately $4.5 million in FY12.

This acquisition has created one of the largest truck and trailer parts distribution and retail operations in Australia. It enables us to leverage the benefits of an enhanced and expanded product range, provides exposure to new market segments, increases geographical reach and allows further penetration into the mining and resources sector where Colrain has already been supplying components such as suspensions, lights, wheels and tyres to a number of specialist trailer manufacturers. Both Colrain and QDS will derive significant synergies and benefits from expanded customer and supplier relationships in FY13 and beyond.

Over the last 5 years, the contribution to net profit before tax (before unallocated corporate expenses and equity accounted profits) from our parts and service business has grown from 11% in FY08 to 45% in FY12. The addition of QDS is expected to increase this to approximately 50% in FY13. Together with the significant organic growth achieved by Colrain over the last three years, the addition of QDS further diversifies revenue and earnings, increases exposure to a higher-margin business and provides a stable earnings stream to the Group.

We have grown our mining and resources business

On 21 May 2012, we acquired the business of AZMEB Global Trailers ("AZMEB").

AZMEB is a leading designer, manufacturer and marketer of side tippers to the mining and resources sector and to the waste management industry. Based in Bundaberg, Queensland, AZMEB had an annual revenue base in FY12 in excess of $20 million, and generated normalised EBIT of approximately $2 million.

AZMEB has developed unique, innovative and proven side tipper designs that underpin the business' highly regarded brand in the mining and waste sectors. The acquisition has added a new customer base to our existing tipper businesses and has increased our exposure to the Australian mining and resources industry as well as securing a greater share of the Australian waste transport equipment market.

Having retained AZMEB's manufacturing facility in Bundaberg and its skilled workforce and management, we are now focussed on increasing production capacity to meet market demand as well as expanding the geographical distribution of AZMEB's products throughout Australia.

We have expanded and diversified our New Zealand business

Our new larger, purpose built, manufacturing and service facility in New Zealand was completed and became operational in November 2011. Our New Zealand business has a strong market share in vans and has built an enviable reputation in the market. Since the completion of the new factory, as part of a strategy to further grow the business, our product diversification strategy has gained momentum with the Freighter brand.

We are expanding in China

Having restructured the ownership of our Chinese joint venture company, Yangzhou Maxi-Cube Tong Composites Co Ltd (MTC), in 1H12 such that the company is now 80% owned by MaxiTRANS and 20% owned by the existing MTC management team, we are now well advanced in the construction of a larger manufacturing facility in Yangzhou to overcome existing capacity constraints. Despite demand for panel products by body builders in China softening recently, MTC will be well positioned to capitalize on the expected future growth of the Chinese market as the cold supply chain continues to develop.

FINANCIAL PERFORMANCE

MaxiTRANS posted an EBIT result of $18.1 million and a net profit attributable to MXI shareholders of $12.3 million in FY12 compared with EBIT of $5.9 million and a net profit attributable to MXI shareholders of $4.2 million in FY11.

The acquisition of QDS and AZMEB in late FY12 had a minimal impact on the FY12 Group result after transaction, implementation and restructuring costs, but are expected to contribute in excess of $60 million in revenue and $6.5 million in normalised EBIT in FY13, before synergies.

Following higher sales volumes across the Group and the addition of $13.7 million in revenue from QDS and AZMEB for the period to 30 June 2012, revenue for the year increased by 37% from $202 million to $277 million. Gross margins continued to improve from the prior year as a result of improved market conditions, the impact of rationalisation initiatives implemented in the prior year and improved efficiencies as a result of increased production volumes.

A total operating cash flow of $17.6 million was generated during the year compared with $9 million in FY11. After total investment activities of $26 million associated with the acquisition of QDS and AZMEB; net debt at the end of FY12 increased from $9.8 million in FY11 to $26 million and net debt to equity ended the year at 26.4%. During the year banking facilities were extended to October 2014.

DIVIDENDS

Following a 195% increase in basic earnings per share from 2.27 cents in FY11 to 6.70 cents in FY12, the Board announced that a fully franked final dividend of 2.25 cents per share will be paid on 12 October 2012 to all holders of ordinary shares at the record date, 28 September 2012. This follows the fully franked interim dividend of 2.0 cents per share declared and paid to shareholders during the year, and takes the total dividend for FY12 to 4.25 cents per share; representing a 63% payout ratio.

REVIEW OF OPERATIONS

We started FY12 with a solid order bank following an improvement in market demand and order intake late in FY11.

Buoyed by ongoing activity in the mining and resources and agricultural sectors, together with the receipt of a number of high volume orders from existing and new large fleet customers, order intake for FY12 increased by 39% on the prior comparative period (pcp). Order intake for FY12 was strong across all brands with trailers, vans and rigids up 37% and tippers up by 58% on the pcp.

As a result of the significant improvement in demand, unit sales for FY12 grew by 35%.

Order banks finished the year 70% higher than FY11 which, together with the profit contribution from QDS and AZMEB, will provide a strong start to FY13.

1. New Trailers and Tippers

Vans, Trailers and Rigid Bodies

Unit sales of trailers, vans and rigid bodies increased by 42% in FY12 and order banks at the end of FY12 are 50% higher than the prior year.

The strength of the mining and resources sector has translated into strong demand for trailers and has seen a shift in the business from tautliners to semi-trailers, road trains and specialised skeletal trailers.

A number of large orders were secured during the year with large fleet operators in our traditional freight markets as well as in the mining and resources and military sectors. Growth was also underpinned by our ongoing program of product development which increased in focus on the creation and delivery of efficiencies and cost savings for our customers; particularly in a climate of increasing operating costs and uncertainties surrounding the impact of the Carbon Tax.

We commence FY13 with a very strong order bank for trailers and vans and expect the mining and resources sector to continue driving demand.

Tippers

Unit sales of tippers in FY12 increased by 23% compared with FY11 and order intake for the same period was up by 58%. Activity in the agricultural and the mining and resources sectors drove the significant increase in total order intake throughout the year despite the continuation of depressed conditions and aggressive competition in the construction (truck and dog) market for tippers.

Due to favourable weather conditions in the key agricultural areas of Australia, crop yields have been very strong and transport operators have been extremely busy. With activity expected to continue to be buoyed by good soil moisture and increased plantings, customers are planning for their equipment requirements and are placing orders for more semi-trailers. The serious drought in the USA is also boosting grain prices and demand.

Our activity in the mining and resources sector accelerated during the year following the launch of several products including new side-tippers, steel tippers, B-doubles and semi-trailer tippers as well as the delivery of 3 sets of C-triple extra heavy duty side tippers for coal cartage in Queensland. These units, with a combined payload of 180 tonnes, have been successfully commissioned and have resulted in additional orders being received for delivery in early FY13.

The acquisition of AZMEB on 21 May 2012 increases our exposure to the mining and resources and the waste management sectors with a proven and stable product range. AZMEB will contribute to the growth and diversification of our tipper business in FY13 and beyond with its patent protected designs and our plans to expand production capacity and distribution.

The outlook for FY13 is very positive as a result of the acquisition of AZMEB and a large order bank which extends production to November 2012. Conditions in both the agricultural and mining and resources sectors are expected to continue to be positive whilst the construction and infrastructure market is expected to remain flat for the foreseeable future.

New Zealand

Unit sales for FY12 were 35% up on the prior year compared with the New Zealand trailing equipment market which grew by 20% in the same period.

In November 2011, the business was relocated to new purpose-built premises which are 300% larger and have potential for further expansion when required. The business was also expanded during the year through Freighter flat top, skeletal and T-Liner product ranges and new product designs that are robust, durable and deliver tare weight advantages.

New regulations introduced late in FY11 allowing greater mass and increased dimensions drove strong demand in 1H12. However planned changes to the Road User Charge (RUC) tax system, which will result in transport operators being charged based on Gross Vehicle Mass, were announced during the year. This adversely affected market demand for trailers in 2H12 as operators deferred buying decisions. The changes were finalised and announced in June 2012 and we expect order intake to improve as the market adjusts to the new system.

With the finalisation of new regulations, the expansion of our product range and the benefit of a new and larger manufacturing facility, our New Zealand business is expected to grow in sales and market share in FY13.

2. Parts & Service

Revenue from the parts and service businesses increased by 43% and contribution to Group profit before tax grew by 65% in FY12. This included a nominal contribution from the completion of the acquisition of QDS on 2 April 2012.

The Colrain parts business delivered another record profit contribution in FY12; the third consecutive year of strong sales and earnings growth. A strong OEM and aftermarket parts sector across Australia, together with a new range of safety products, fuel additives and extensions to existing segments contributed to sales and profit growth.

The addition of QDS expands our parts business geographically and adds new product categories, customers and suppliers. Synergies flowing from the combined Colrain and QDS business are expected to be significant as product ranges are shared, product and operational costs are reduced and market opportunities maximised.

The parts and service business was also bolstered by a 42% increase in profit contribution from MTC despite demand for panel kits in China slowing recently.

We expect our parts and service businesses to continue to grow strongly in FY13.

3. Joint Ventures

Our Queensland dealer, in which the Company has a 36.67% shareholding, has changed its name to Trailer Sales (from Freighter Maxi-CUBE Queensland). FY12 net profit after tax was 70% up on the prior year as a result of improved market conditions driving strong orders for new equipment, spare parts and workshop services. Trailer Sales' operations in North Queensland continue to grow and to contribute strongly to the growth of the business.

OUTLOOK

With an order bank coming into FY13 which is 70% higher than the prior year, we expect performance in the first half of FY13 to benefit from continuing high production and sales volumes and associated efficiencies.

We expect that our trailer and tipper businesses will, in the absence of any economic slowdown, continue to be driven by strong demand from mining and resources and the agricultural sector and that our parts business will grow organically as a result of new and expanded product ranges.

In addition, the contribution from QDS and AZMEB for a full year is expected to add significantly to earnings growth in FY13.

New Zealand will continue to benefit from an expanded product range and larger facilities in a trailer market which is expected to recover, while we expect MTC's Chinese market to be soft in the short term.

The composition of the Group's earnings has been enhanced as a result of strategic initiatives and acquisitions in FY11 and FY12 and is now weighted more heavily towards stable and recurring income streams. This, together with a sound balance sheet, supports further incremental investment initiatives.

Ian Davis
Chairman

Michael Brockhoff
Managing Director

QDS – QUEENSLAND DIESEL SPARES

Founded over 25 years ago as a family business, QDS has grown to become Queensland's leading supplier of parts for the transport industry. Carrying over 20,000 different products, its wide range includes transport spares, filters, oils, electrical components, exhaust equipment, tools, safety products, cleaning products, brake components, mudguards, wheels, tyres, hoses, pulleys, belts and general accessories. Many are internationally recognised brands such as Castrol, Fuchs, Fleetguard, Donaldson, Narva and Timken.

With nine retail branches and one wholesale warehouse, QDS provides high levels of customer support and prides itself on providing the "right part to the right place at the right time". Accessibility to its stores is excellent with branches strategically located throughout Brisbane and South East Queensland, from the Gold Coast to Gladstone. Thanks to its proximity to Queensland's mining heartland, QDS Gladstone is rapidly expanding and provides air cleaner services in addition to retailing parts and components.

The growth of QDS will be enhanced through the addition of new product ranges from the existing MaxiTRANS Parts operations and through establishing additional retail outlets in Queensland. Gains are already being made on both the supply and retail sides of the MaxiTRANS Parts business due to the synergies created by the acquisition of QDS and the resultant strengthening of product ranges across the whole MaxiTRANS Parts network.

AZMEB GLOBAL TRAILERS

AZMEB Global Trailers was founded over forty years ago and has a very strong reputation as a builder of high quality, innovative side tipping trailers.

Recognising opportunities to improve upon existing side tipper designs, AZMEB invested heavily in research and development to create new concepts that have revolutionised side tipper design globally. These new designs are predominantly protected by international patents and include the following three key models:

- FLEX TIPPER: A side tipper with no hinged door but which relies on heavy duty rubber panels to seal each end of a flexible U shaped steel body that deforms to "open" as it tips sideways.

- BOWL FLOOR DOOR SIDE - TIPPER: A side tipper design that incorporates a full length rubber hinge that provides excellent durability, sealing and reliability. The tipping and door operation are all activated by a single hydraulic ram at each end of the trailer.

- HIGH VOLUME SIDE TIPPER: The need for transportation and fast unloading of high volume, low density loads, such as garbage, resulted in this unique design. The HVST, as it is known, has two side "doors", one that folds down and the upper section of the trailer that folds upwards, providing a very wide opening for tipping. Additionally, the unit is very versatile, being also suitable for higher density loads such as sand and gravel when loaded only to the first level.

Recognising the value of AZMEB's unique designs, strong reputation and strong customer base, MaxiTRANS acquired the business in May 2012. AZMEB is largely complementary to and will significantly strengthen MaxiTRANS' existing sales into the resource and waste management sectors. The Company has already set about increasing production volumes and broadening distribution which has been largely focused on Queensland thus far. Distribution is being expanded across Australia through the existing MaxiTRANS dealer network to increase sales volumes and maintain high levels of customer service.

BOARD OF DIRECTORS

Directors from left to right.

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

OFFICES & OFFICERS

Company Secretary

Mr. M. Mattia
Registered Office
346 Boundary Road
Derrimut, Victoria 3030

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.

REPORT OF THE DIRECTORS AND FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

MaxiTRANS Industries Ltd ACN 006 797 173 and Controlled Entities

Contents

Financial Summary

		F2008	F2009	F2010	F2011	F2012
Revenue	$'000	290,740	252,621	235,387	202,476	**276,767**
EBITDA	$'000	30,309	7,339	14,741	11,230	**23,549**
EBIT	$'000	24,815	1,373	8,712	5,879	**18,116**
NPBT	$'000	21,943	(993)	7,124	4,341	**16,795**
NPAT - attributable to equity holders	$'000	16,101	(1,894)	5,766	4,171	**12,334**
Significant Items in NPBT	$'000	–	(7,565)	(1,218)	(70)	**-**
Basic EPS	cents	9.38	(1.09)	3.17	2.27	**6.70**
Ordinary dividends/share declared	cents	5.50	1.00	2.00	1.50	**4.25**
Depreciation	$'000	3,737	4,356	4,296	3,697	**3,818**
Amortisation – leased assets	$'000	824	678	801	874	**835**
Amortisation – intangibles	$'000	933	932	932	780	**780**
Capex additions	$'000	5,046	4,116	6,329	3,888	**4,701**
Operating cash flow	$'000	18,600	14,072	8,723	9,058	**17,567**
NTA	$'000	57,976	58,141	63,432	64,652	**55,033**
Net assets	$'000	91,058	84,154	88,513	91,722	**98,695**
Interest bearing liabilities	$'000	34,542	26,593	24,039	16,161	**29,884**
Finance costs	$'000	2,872	2,366	1,588	1,538	**1,321**
Total bank debt	$'000	31,867	22,935	20,000	12,700	**26,000**
Net debt/equity	%	36%	29%	25%	11%	**26%**
Interest cover	times	8.64	3.78[i]	6.25[i]	3.87[i]	**13.71**

[i]Pre significant items

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

This statement reflects MaxiTRANS Industries Limited's ('MaxiTRANS' or 'the Company') corporate governance policies and practices as at 30 June 2012 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'), together with 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 a 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.

CORPORATE GOVERNANCE STATEMENT (cont)

FOR THE YEAR ENDED 30 JUNE 2012

- 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:
Report on whether a performance evaluation for senior executives has taken place and any departure from Principle 1 recommendations
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; and
  - (v) Refrain from making improper use of information gained through the position of director and taking improper advantage of the position of director.
- 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;

CORPORATE GOVERNANCE STATEMENT (cont)

FOR THE YEAR ENDED 30 JUNE 2012

(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; and

(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;
- To ensure the appropriate mix of skills and the diversity of the Board members is considered when assessing the composition 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 and to update and enhance their skills and knowledge through appropriate education and training courses.

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 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; and
- Review and assessment of appropriate performance benchmarks for the Board and management.

CORPORATE GOVERNANCE STATEMENT (cont)

FOR THE YEAR ENDED 30 JUNE 2012

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; and**
- **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 diversity

MaxiTRANS has in place a workplace diversity policy which confirms its commitment to, amongst other things, diversity in age, gender, ethnicity and cultural background.

MaxiTRANS believes that the furtherance of diversity in the workplace provides benefits to the business.

MaxiTRANS wishes to benefit from the best available talent in the market place and is committed to promoting an environment which is conducive to the appointment of suitably experienced and/or well qualified employees, senior management and Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

MaxiTRANS implements and maintains adherence to its commitment to diversity by:

- Ensuring that diversity is considered when determining the composition of employees, senior management and the Board including the recruitment of employees from a diverse pool of qualified candidates;
- Ensuring that internal recruitment processes and professional intermediaries are aware of the factors that should be taken into account in the identification, evaluation and selection process;
- Identifying programs that assist in the development of a broader pool of skilled and experienced candidates including initiatives focussed on skills development and career progression;
- Recognising the importance of balancing workplace and domestic responsibilities and priorities; and
- Maintaining transparency in the recruitment and selection process.

Recommendation 3.3:
Disclose the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them

The Board will continue to consider and evaluate the implementation and setting of measurable objectives for achieving gender diversity, including at Board and senior management level, which are linked to MaxiTRANS' circumstances and industry. The objectives shall not be managed toward any targets that would exclude or prevent the employment or tenure of any appropriately experienced, qualified or suitable person for any reason.

Recommendation 3.4:
Disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board

As at 30 June 2012 women employees represented approximately 9% (8% in 2011) of the total workforce. There are currently no women in senior executive positions or on the Board.

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; and**
- **At least three members.**

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 next 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; and
- 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; and
- 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, the Chief Financial Officer and any other person authorised by the Chairman or Chief Executive Officer from time to time.

CORPORATE GOVERNANCE STATEMENT (cont)

FOR THE YEAR ENDED 30 JUNE 2012

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; and
- 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:
The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all material respects in relation to financial reporting risks.

In accordance with the MaxiTRANS Audit and Risk Management Committee Charter and section 295 of the Act, the Managing Director and Chief Financial Officer of MaxiTRANS are required to declare in writing to the Board under section 295A(2) of the Act that, in their opinion, MaxiTRANS' financial records have been properly maintained in accordance with section 286 of the Act; MaxiTRANS' consolidated financial statements and associated notes required by the relevant accounting standards present a true and fair view of the Company's financial condition and operational results and comply with relevant accounting standards. The declaration is also underpinned by representations from executive management and relevant accounting officers.

The declaration by the Managing Director and Chief Financial Officer also confirms the existence of a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that MaxiTRANS' risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1:
The Board should establish a remuneration committee

The MaxiTRANS Remuneration Committee was established in 1994.

At the date of this report the members of the MaxiTRANS Remuneration Committee are Messrs. Ian Davis (Chairman), 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; and
- Superannuation arrangements.

Recommendation 8.2:
The remuneration committee should be structured so that it:

- **Consists of a majority of independent directors;**
- **Is chaired by an independent chair; and**
- **Has at least three members.**

The MaxiTRANS Remuneration Committee consists of a majority of independent directors, is chaired by an independent chairperson and has at least three members.

Recommendation 8.3:
Clearly distinguish the structure of non-executive directors' remuneration from that of senior 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.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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 components and 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 dividend of 1.5 cents per share was paid on 21 October 2011 totalling $2,759,905.

A fully franked dividend of 2.0 cents per share was paid on 20 April 2012 totalling $3,679,868.

A fully franked dividend of 2.25 cents per share has been proposed by the directors after reporting date for payment on 12 October 2012. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2012 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 2012. 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 were no material events subsequent to balance date impacting on the financial statements.

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 2012.

MaxiTRANS has considered the impact of The Clean Energy Act 2011 and related carbon trading scheme and pricing mechanism. Estimates have been factored into the Group's budgets and planning and will be monitored on an ongoing basis. It is anticipated that costs will be passed through where possible.

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.

Information of Directors

Ian R. Davis	Chairman, Independent Non-Executive, Age 67
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 UCMS Group Pty Ltd from November 2006 to August 2009, and is a former Non-Executive Chairman and former Non-Executive Director of a number of publicly listed and private companies.
Special Responsibilities:	Chairman of Corporate Governance Committee, Remuneration Committee and Nomination Committee. Member of Audit & Risk Management Committee.
Interest in Shares:	1,302,193 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

James R. Curtis	Deputy Chairman, Non-Executive, Age 77
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:	24,175,030 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

Michael A. Brockhoff	Managing Director, Executive, Age 59
Qualifications & Experience:	Appointed Managing Director in June 2000. Thirty-four years experience in the road transport industry.
Special Responsibilities	Member of Nomination Committee
Interest in Shares:	2,871,500 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

Geoffrey F. Lord	Independent Non-Executive Director, Age 67
Qualifications & Experience:	B. Econ. (Honours), M.B.A. (Distinction), ASSA, Fellow of the Australian Institute of Company Directors. Appointed Director in October 2000. Chairman and Chief Executive Officer of Belgravia Group and Chairman of UXC Limited since September 2002. Chairman of LCM Litigation Fund Pty Ltd and Terrain Capital Ltd. Deputy Chairman of Institute of Drug Technology Limited since October 1998. Formerly a Director of Northern Energy Corporation from December 2007 to October 2011.
Special Responsibilities:	Member of Audit & Risk Management Committee, Corporate Governance Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	1,049,604 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

Robert H. Wylie	Independent Non-Executive Director, Age 62
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 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. Formerly a Director of Elders Limited from November 2009 to August 2012 and Director of Centro Properties Limited and CPT Manager Limited from October 2008 to December 2011.
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 M. Harvey	B. Commerce CA, Appointed to the position of Assistant Company Secretary in 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	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian Davis	**12**	12	**4**	4	**3**	3
James Curtis	**12**	12	**4**	4	**3**	3
Michael Brockhoff	**12**	12	**–**	–	**–**	–
Geoffrey Lord	**12**	11	**4**	4	**3**	3
Robert Wylie	**12**	12	**4**	4	**–**	–

The Corporate Governance Committee did not meet during the financial year.

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; and
- The amount of incentives within each director's and senior executive's remuneration.

At the commencement of the 2011 financial 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 continue to be 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.

The following is a summary of the key elements of the structure of remuneration for executive directors and senior management:

- the structure of executive director and senior management remuneration includes a mix of fixed and performance-linked components;
- over a 3 year period commencing in the 2011 financial year, the mix of total remuneration between fixed and performance-linked components will move to an average of 60% and 40% respectively;
- the performance-linked component of total remuneration comprises a Short Term Incentive ('STI') scheme and a Long Term Incentive ('LTI') scheme; and
- over a 3 year period commencing in the 2011 financial year, the mix of performance-linked remuneration (as a percentage of total remuneration) between STI and LTI components will move to an average of 15% and 25% respectively;

The Directors are of the view that the remuneration structure supports 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.

REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

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 provided in the form of Performance Rights. The MaxiTRANS Performance Rights Plan ('PRP') was approved by the shareholders at the Annual General Meeting held on 15 October 2010.

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

The LTI scheme available to executive directors and to senior management is 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 provided they remain in the employ of the Group throughout that period.

The Board has set a long term incentive target for management to achieve an increase in the Group's Return on Invested Capital ('ROIC'). The following parameters have been set by the Board:

Period	1 July 2011 - 30 June 2014	1 July 2010 - 30 June 2013
Base ROIC	4.2% (year ended 30 June 2011)	5.4% (year ended 30 June 2010)
Target increase in ROIC	Average of 2.5% per annum (7.5% over 3 years)	Average of 2% per annum (6% over 3 years)
Percentage increase in base ROIC required	179%	111%
Minimum % of target that must be achieved for Performance Rights to vest	70% (i.e. average of 1.75% per annum)	70% (i.e. average of 1.4% per annum)

If the minimum target is reached, 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.

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.

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 for the year were $64,000 per annum. The Chairperson received $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.

Services of remuneration consultant

In keeping with the above policies, the Remuneration Committee engaged Mercer as remuneration consultant to review the amount of non-executive director and senior executive remuneration during the year.

Remuneration recommendations regarding senior executives were provided directly to the Remuneration Committee. A declaration was received from Mercer as part of its report that advice provided was made free from undue influence of senior executives.

Consolidated Results and Shareholder Returns

	2012	2011	2010	2009	2008
Net profit/(loss) attributable to equity holders of the parent	**$12,334,000**	$4,171,000	$5,766,000	$(1,894,000)	$16,101,000
Basic EPS	**6.70¢**	2.27¢	3.17¢	(1.09)¢	9.38¢
Dividends declared	**$7,819,719**	$2,759,901	$3,642,694	$1,717,422	$9,445,818
Dividends declared per share	**4.25¢**	1.50¢	2.00¢	1.00¢	5.50¢
Share price	**61.5¢**	23.0¢	26.0¢	22.0¢	59.0¢

REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the Group:

		Primary			Post	Equity	Other	Total	Proportion of remuneration performance related	Value of PR's as proportion of remuneration
	Year	Salary & fees $	Bonus (i) $	Non-cash benefits $	Super $	PR's (ii) $	$	$	%	%
DIRECTORS										
Non-executive										
Mr I Davis	**2012**	**115,000**	**–**	**–**	**10,350**	**–**	**–**	**125,350**	**–**	**–**
Chairman	2011	115,000	–	–	10,350	–	–	125,350	–	–
Mr J Curtis	**2012**	**64,000**	**–**	**–**	**–**	**–**	**15,000**	**79,000**	**–**	**–**
	2011	64,000	–	–	–	–	32,000	96,000	–	–
Mr G Lord	**2012**	**64,000**	**–**	**–**	**5,760**	**–**	**–**	**69,760**	**–**	**–**
	2011	64,000	–	–	5,760	–	–	69,760	–	–
Mr R Wylie	**2012**	**48,000**	**–**	**–**	**21,760**	**–**	**–**	**69,760**	**–**	**–**
	2011	48,000	–	–	21,760	–	–	69,760	–	–
Executive										
Mr M Brockhoff	**2012**	**515,574**	**–**	**4,377**	**36,676**	**46,688**	**40,000**	**643,315**	**7.3%**	**7.3%**
Managing Director	2011	503,358	–	3,963	48,901	16,893	40,000	613,115	2.7%	2.7%
EXECUTIVES										
Mr M Mattia	**2012**	**285,150**	**–**	**25,880**	**25,663**	**22,354**	**660**	**359,707**	**6.2%**	**6.2%**
Chief Financial Officer and Company Secretary	2011	270,119	–	25,603	24,311	7,259	741	328,033	2.2%	2.2%
Mr G Walker (iii)	**2012**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
General Manager – Manufacturing MaxiTRANS Australia Pty Ltd	2011	237,966	–	–	21,809	6,554	20,062	286,391	2.3%	2.3%
Mr A Wibberley	**2012**	**208,000**	**–**	**24,587**	**18,720**	**15,686**	**–**	**266,993**	**5.9%**	**5.9%**
General Manager - Lusty EMS Pty Ltd	2011	200,000	45,550	24,587	20,750	4,785	–	295,672	17.0%	1.6%
Mr P Buttler (iv)	**2012**	**185,213**	**13,761**	**18,770**	**18,608**	**8,496**	**7,778**	**252,626**	**8.5%**	**3.3%**
General Manager - Manufacturing MaxiTRANS Australia Pty Ltd	2011	130,295	–	16,800	11,727	–	–	158,822	–	–
Mr C Wallace	**2012**	**162,725**	**35,000**	**22,630**	**17,795**	**9,903**	**8,059**	**256,112**	**3.9%**	**3.9%**
General Manager – Hamelex White, MaxiTRANS Australia Pty Ltd	2011	145,000	13,762	22,630	14,289	2,427	-	198,108	8.2%	1.2%

	Year	Primary: Salary & fees $	Primary: Bonus (i) $	Primary: Non-cash benefits $	Post: Super $	Equity: PR's (ii) $	Other: $	Total: $	Proportion of remuneration performance related %	Value of PR's as proportion of remuneration %
EXECUTIVES (continued)										
Mr N Zantuck	**2012**	**166,080**	**–**	**–**	**17,096**	**13,201**	**23,874**	**220,251**	**6.0%**	**6.0%**
General Manager – Vic Branch, MaxiTRANS Australia Pty Ltd	2011	160,000	–	–	16,470	4,079	23,000	203,549	2.0%	2.0%
Mr P Loimaranta	**2012**	**205,000**	**45,872**	**22,629**	**22,578**	**14,651**	**–**	**310,730**	**19.5%**	**4.7%**
General Manager – Colrain Pty Ltd	2011	180,000	38,991	22,629	19,709	4,311	–	265,640	16.3%	1.6%

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

(i) STI entitlement varies from 13% to 18% of total remuneration for each of the individuals listed above. The short-term cash incentives disclosed above are for performance for the 30 June 2011 and 2010 financial years respectively using the criteria set out in the Remuneration Report. The amounts were determined after performance reviews were completed. The total STI entitlements which vested during the year were as follows based on the operating performance of the relevant business units to which each individual belongs:

- Mr P Buttler (53%);
- Mr P Loimaranta (129%). An additional amount was paid due to the over-achievement of agreed KPI's.

The balance of STI entitlements was forfeited. Mr C Wallace was paid a retention bonus during the year having met service requirements established on the integration of the Hamelex White manufacturing plant to the Ballarat manufacturing plant.

(ii) The fair value of performance rights (PR's) is calculated at the date of grant using the Monte Carlo simulation model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value recognised in this reporting period. In valuing the PR's, market conditions have been taken into account. No PR's vested during the reporting period. Further details in respect of PR's are contained on the following page of the Remuneration Report.

(iii) Mr G Walker resigned effective 4 March 2011.

(iv) Mr P Buttler was appointed General Manager Manufacturing on 1 August 2011, previously Engineering Manager, Ballarat Manufacturing.

REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

Analysis of share-based payments granted as remuneration

Details of the vesting profile of the PR's granted as remuneration to each of the Company directors and other key management personnel of the Group during the reporting period are detailed below.

	PR's granted (no.)	Grant date	Fair value at grant date ($)	Vesting date	Expiry date	Vested during FY2012 (%)	Forfeited during FY2012 (%)
Directors							
Mr M Brockhoff	852,517	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018	-	-
Company executives							
Mr. M Mattia	440,284	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018	-	-
Consolidated entity executives							
Mr A Wibberley	320,912	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018	-	-
Mr P Buttler	274,191	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018		
Mr C Wallace	225,605	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018	-	-
Mr N Zantuck	268,084	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018	-	-
Mr P Loimaranta	305,893	30 Sept. 2011	0.2231	30 Sept.2014	30 Sept.2018	-	-

All PR's expire on the earlier of their expiry date or termination of the individual's employment. In order for PR's to vest, holders must continue to be in the employment of the Group until vesting date. The PR's vest three years after the date they were issued, subject to the satisfaction of performance hurdles. PR's may only be exercised during a four year period after they have vested. Details of the performance criteria are included in the discussion on LTI's.

The % forfeited during the year represents the reduction from the maximum number of PR's available to vest due to continued employment criteria not being met.

Unissued Shares Under Rights

At the date of this report there are no unissued ordinary shares of the Company under PR's vested.

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. The insurance policy 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.

Shares Issued on the Exercise of Options

No options were exercised during the financial year.

Further details on the Group's Performance Rights Plan are detailed in Note 20 to the consolidated 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.

REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

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	
	2012 $	2011 $
Remuneration of Auditor		
Remuneration of the auditor of the Group for:		
KPMG Australia:		
– auditing and reviewing the financial statements	**204,650**	199,950
– other services (taxation & advisory)	**153,946**	105,303
	358,596	305,253
Overseas KPMG Firms:		
– auditing and reviewing financial statements	**51,407**	12,978
– other services (taxation, advisory & due diligence)	**9,799**	47,692

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 17th day of August 2012

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 2012 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
17 August 2012

Tony Romeo
Partner

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2012

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

(a) the consolidated financial statements and notes as set out on pages 30 to 72, 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 2012 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards 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 24 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 2012.

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 17th day of August 2012

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

CONSOLIDATED INCOME STATEMENT

	Note	Consolidated 2012 $'000	2011 $'000
Total revenue	2	**276,767**	202,476
Changes in inventories of finished goods and work in progress		**2,443**	(245)
Raw materials and consumables used		**(170,216)**	(123,997)
Other income	3	**59**	1,756
Employee expenses		**(64,209)**	(52,784)
Depreciation and amortisation expenses	4	**(5,433)**	(5,351)
Finance costs	4	**(1,321)**	(1,538)
Other expenses		**(22,403)**	(16,929)
Share of net profits of associates and joint ventures accounted for using the equity method	26	**1,108**	953
Profit before income tax		**16,795**	4,341
Income tax expense	5(a)	**(4,273)**	(170)
Profit for the year		**12,522**	4,171
Profit attributable to:			
Equity holders of the company		**12,334**	4,171
Non-controlling interests		**188**	-
Profit for the year		**12,522**	4,171
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	16	**6.70¢**	2.27¢
Diluted earnings per share (cents per share)	16	**6.62¢**	2.27¢

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2012 $'000	2011 $'000
Profit for the year		**12,522**	4,171
Other comprehensive income			
Net exchange difference on translation of financial statements of foreign operations		**(48)**	(520)
Revaluation of land and buildings		**-**	1,408
Income tax on other comprehensive income		**-**	(424)
Other comprehensive income for the year, net of tax		**(48)**	464
Total comprehensive income for the year		**12,474**	4,635
Total comprehensive income attributable to:			
Equity holders of the company		**12,291**	4,635
Non-controlling interests		**183**	-
Total comprehensive income for the year		**12,474**	4,635

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	2011 $'000
Current Assets			
Cash and cash equivalents		**3,791**	6,382
Trade and other receivables	6	**34,486**	24,353
Inventories	7	**46,726**	34,428
Property held for sale		**-**	1,428
Other	8	**1,328**	1,308
Total Current Assets		**86,331**	67,899
Non-Current Assets			
Investments accounted for using the equity method	9	**3,212**	2,833
Property, plant & equipment	10	**50,051**	47,972
Intangible assets	11	**43,662**	27,070
Other	8	**981**	925
Total Non-Current Assets		**97,906**	78,800
Total Assets		**184,237**	146,699
Current Liabilities			
Trade and other payables	12	**38,972**	26,749
Interest bearing loans and borrowings	13	**1,870**	1,668
Current tax liability	5(c)	**4,683**	256
Provisions	14	**8,113**	6,599
Total Current Liabilities		**53,638**	35,272
Non-Current Liabilities			
Interest bearing loans and borrowings	13	**28,014**	14,493
Deferred tax liabilities	5(b)	**1,833**	4,562
Provisions	14	**883**	650
Other		**1,174**	-
Total Non-Current Liabilities		**31,904**	19,705
Total Liabilities		**85,542**	54,977
Net Assets		**98,695**	91,722
Equity			
Issued capital	15	**56,386**	56,386
Reserves	17	**7,071**	8,316
Retained earnings		**34,137**	27,020
Equity attributable to equity holders of the Company		**97,594**	91,722
Non-controlling interest		**1,101**	-
Total Equity		**98,695**	91,722

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 2012

	Note	Issued capital $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
Balance at 1 July 2010		56,034	10,339	(590)	-	22,730	-	88,513
Comprehensive income for the year								
Profit/(loss) for the year		-	-	-	-	4,171	-	4,171
Other comprehensive income								
Revaluation of land and buildings		-	984	-	-	-	-	984
Net exchange differences on translation of financial statements of foreign operations	17	-	-	(520)	-	-	-	(520)
Total comprehensive income for the year		-	984	(520)	-	4,171	-	4,635
Transactions with owners recorded directly in equity								
Dividends to equity holders	18	-	-	-	-	(1,829)	-	(1,829)
Issue of ordinary shares	15	352	-	-	-	-	-	352
Share-based payment transactions	20	-	-	-	51	-	-	51
Total transactions with owners		352	-	-	51	(1,829)	-	(1,426)
Transfers								
Transfer to retained earnings on disposal of property		-	(1,948)	-	-	1,948	-	-
Total transfers		-	(1,948)	-	-	1,948	-	-
Balance at 30 June 2011		**56,386**	**9,375**	**(1,110)**	**51**	**27,020**	-	**91,722**
Balance at 1 July 2011		56,386	9,375	(1,110)	51	27,020	-	91,722
Comprehensive income for the year								
Profit/(loss) for the year		-	-	-	-	12,334	188	12,522
Other comprehensive income								
Net exchange differences on translation of financial statements of foreign operations	17	-	-	(48)	-	-	-	(48)
Total comprehensive income for the year		-	-	(48)	-	12,334	188	12,474
Transactions with owners recorded directly in equity								
Dividends to equity holders	18	-	-	-	-	(6,440)	-	(6,440)
Disposal of non-controlling interest without a change in control		-	-	-	-	(124)	913	789
Share-based payment transactions	20	-	-	-	150	-	-	150
Total transactions with owners		-	-	-	150	(6,564)	913	(5,501)
Transfers								
Transfer to retained earnings on disposal of property		-	(1,347)	-	-	1,347	-	-
Total transfers		-	(1,347)	-	-	1,347	-	-
Balance at 30 June 2012		**56,386**	**8,028**	**(1,158)**	**201**	**34,137**	**1,101**	**98,695**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash Flows from Operating Activities			
Receipts from customers		**299,255**	229,737
Payments to suppliers & employees		**(277,531)**	(218,503)
Interest received		**59**	54
Interest & other costs of finance paid		**(1,321)**	(1,538)
Income tax paid		**(2,895)**	(692)
Net Cash Provided by/(Used in) Operating Activities	27(a)	**17,567**	9,058
Cash Flows from Investing Activities			
Payments for property, plant & equipment		**(4,701)**	(3,888)
Dividends received		**729**	1,024
Proceeds from sale of property, plant & equipment		**3,350**	10,485
Acquisition of subsidiary, net of cash acquired	25	**(19,968)**	(2,226)
Acquisition of business assets	25	**(6,041)**	-
Net Cash Provided by/(Used in) Investing Activities		**(26,631)**	5,395
Cash Flows from Financing Activities			
Proceeds from borrowings		**13,964**	1,768
Repayment of borrowings		**-**	(8,887)
Payment of finance lease liabilities		**(1,051)**	(1,225)
Dividends paid	18	**(6,440)**	(1,861)
Net Cash Provided by/(Used in) Financing Activities		**6,473**	(10,205)
Net increase/(decrease) in cash		**(2,591)**	4,248
Cash and cash equivalents at beginning of year		**6,382**	2,134
Cash and cash equivalents at end of year		**3,791**	6,382

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 2012 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity.

Basis of preparation

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

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 17 August 2012.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning on or after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial report of the Group.

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. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. 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.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

until the date control ceased. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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.

(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 income statement. 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 31 December 2011 and an updated market commentary obtained at 30 June 2012 in relation to the majority of land and buildings. These 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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. On realisation of any amounts contained in the Asset Realisation Reserve, the balance is transferred to retained earnings.

Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (i)). 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 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 (w).

(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:

	2012	2011
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 (i)). 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 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the 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 (i)).

(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.

(iv) Amortisation

Amortisation of intangibles other than goodwill is charged to the 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:

	2012	2011
Brand names	**0%**	0%
Intellectual property	**0%-4.0%**	0%-4.0%
Patents & trademarks	**5.0%**	5.0%

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

(f) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(g) Trade and other receivables

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

(h) 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.

(i) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (c)) and deferred tax assets (see accounting policy (p)), 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 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 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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.

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.

(l) 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 profit and loss over the period of the borrowings on an effective interest basis.

(m) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the 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 grants performance rights from time to time to certain employees under the Performance Rights Plan.

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

The fair value of the performance rights is calculated at the date of grant using a Monte Carlo simulation 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 performance rights allocated to this reporting period. Where relevant, in valuing the performance rights, market conditions have been taken into account in both the current and prior period.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(n) Provisions

A provision is recognised in the consolidated statement of financial position 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.

(o) 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.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions. The Group believes that its accruals for tax liabilities are adequate for all open tax years. This assessment relies on estimates and assumptions and may involve judgements about future events.

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.

(q) 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.

(r) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

(t) 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.

(iii) Other income

Interest income is recognised in the 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.

(u) 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.

(v) 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.

(w) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the 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 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 profit and loss using the effective interest method.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) 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.

(y) 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.

(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 (i).

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.

(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 (n) for details of the recognition and measurement criteria applied.

(z) 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 2012 was 26% (2012: 11%). The Dividend Reinvestment Plan was suspended on 21 June 2011. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Segment reporting

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 consolidated income statement and consolidated statement of financial position. Reconciliations of such management information to the statutory information contained in the financial report have been included.

(ab) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated 2012 $'000	2011 $'000
2. REVENUE		
Sale of goods	**265,738**	194,017
Rendering of services	**11,029**	8,459
Total Revenue	**276,767**	202,476
3. OTHER INCOME		
Interest revenue from other parties	**59**	54
Gain on consolidation of acquiree	**-**	1,702
Total Other Income	**59**	1,756
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	**1,075**	1,227
– finance lease charges	**246**	311
Total finance costs	**1,321**	1,538
Employee benefits:		
Post employment benefits		
– Superannuation contributions	**3,404**	3,283
Restructuring of operations		
Restructuring costs (including redundancy costs)	**-**	2,478
Depreciation:		
– property	**465**	405
– plant and equipment	**3,353**	3,292
Total depreciation	**3,818**	3,697
Amortisation of non-current assets:		
– intellectual property	**735**	735
– patents and trademarks	**45**	45
– capitalised leased assets	**835**	874
Total amortisation	**1,615**	1,654

	Consolidated 2012 $'000	Consolidated 2011 $'000
4. PROFIT FROM ORDINARY ACTIVITIES (continued)		
Net (income)/expenses from movements in provision for:		
– employee entitlements	**691**	(70)
– warranty	**140**	(155)
– other	**1,239**	(1,021)
Net (income)/expense resulting from movements in provisions	**2,070**	(1,246)
Rental expense on operating leases	**2,956**	2,402
Research and development expenditure written off as incurred	**592**	485
Crediting as income:		
Net gain on disposal of:		
– property plant and equipment	**(76)**	(619)

5. TAXATION

(a) Income tax

	Consolidated 2012 $'000	Consolidated 2011 $'000
Reconciliation of tax expense		
Prima facie tax payable on profit before tax at 30% (2011: 30%)	**5,038**	1,302
Add/(deduct) tax effect of:		
Research & development allowance	**(300)**	(312)
Non deductible expenses	**160**	156
Associate equity accounted income	**(332)**	(286)
Gain on consolidation of acquiree	**-**	(511)
Prior year adjustments	**(117)**	(114)
Impact of tax rates in foreign jurisdictions	**(176)**	(65)
	(765)	(1,132)
Income tax expense in consolidated income statement	**4,273**	170
Income tax expense attributable to operating profit is made up of:		
Current tax expense	**6,184**	999
Prior year adjustment – current tax	**434**	143
Deferred tax expense		
– origination and reversal of temporary difference	**(1,794)**	(715)
– prior year adjustment – deferred differences	**(551)**	(257)
Income tax expense in consolidated income statement	**4,273**	170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated	
	2012	2011
	$'000	$'000
5. TAXATION (continued)		
(b) Deferred tax assets/(deferred tax liabilities)		
The deferred tax assets/(deferred tax liabilities) are made up of the following estimated tax benefits:		
– Provisions and accrued employee benefits	**2,722**	2,386
– Property, plant & equipment	**(2,497)**	(4,126)
– Leases	**(20)**	23
– Intangible assets	**(3,008)**	(3,021)
– Inventory	**745**	193
– Other	**225**	(17)
Net deferred tax liability	**(1,833)**	(4,562)
Balance at beginning of year	**(4,562)**	(5,060)
Recognised in profit or loss	**2,345**	972
Acquired through business combination	**384**	(50)
Recognised in equity	**-**	(424)
Net deferred tax liability	**(1,833)**	(4,562)

(c) Current tax liability

The current tax liability for the Group of $4,683,000 (2011: $256,000) represents the amount of income taxes payable in respect of current and prior financial periods.

	Consolidated	
	2012	2011
	$'000	$'000
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	**33,895**	24,353
Provision for impairment loss	**(178)**	(224)
	33,717	24,129
Other receivables	**769**	224
Total trade and other receivables	**34,486**	24,353

6. TRADE AND OTHER RECEIVABLES (continued)

	Consolidated 2012		Consolidated 2011	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Impairment losses				
Not past due	**20,633**	**97**	17,104	53
Past due 0 – 30 days	**9,411**	**34**	5,115	27
Past due 31 – 60 days	**1,984**	**6**	697	4
Past due over 61 days	**1,867**	**41**	1,437	140
	33,895	**178**	24,353	224

	Consolidated	
	2012 $'000	2011 $'000
The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:		
Balance at 1 July	**224**	545
Impairment loss recognised/(credited)	**36**	(50)
Bad debts	**(82)**	(271)
Balance at 30 June	**178**	224

7. INVENTORIES

	2012 $'000	2011 $'000
Second-hand units – at net realisable value	**4,767**	3,223
Finished goods – at cost	**28,507**	18,838
Work in progress – at cost	**2,213**	3,164
Raw materials – at cost	**14,334**	10,567
Less: provision for impairment loss	**(3,095)**	(1,364)
Total inventories	**46,726**	34,428

8. OTHER ASSETS

	2012 $'000	2011 $'000
Current		
Prepayments	**1,328**	1,308
	1,328	1,308
Non-current		
Other receivables	**981**	925
	981	925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
		2012	2011
		$'000	$'000
9. INVESTMENTS	Note		
Non-current			
Investments in associated entities accounted for using the equity method	26	**3,212**	2,833
		3,212	2,833

	Consolidated	
	2012	2011
	$'000	$'000
10. PROPERTY, PLANT & EQUIPMENT		
Land and Buildings		
Land and buildings at fair value	**37,465**	34,026
Accumulated depreciation	**(530)**	(186)
Total land and buildings	**36,935**	33,840
Plant and Equipment		
Plant & equipment at cost	**30,378**	27,206
Accumulated depreciation	**(23,664)**	(20,203)
	6,714	7,003
Office equipment at cost	**5,964**	4,421
Accumulated depreciation	**(3,874)**	(3,242)
	2,090	1,179
Leased plant & equipment	**5,049**	5,179
Accumulated depreciation	**(2,382)**	(2,226)
	2,667	2,953
Capital work in progress	**1,645**	2,997
Total plant and equipment	**13,116**	14,132
Total property, plant and equipment	**50,051**	47,972

Independent valuations were obtained as at 31 December 2011 and an updated market commentary at 30 June 2012 in relation to the majority of land and buildings held at that time, for use by the directors in assessing land and buildings at fair value.

Refer to Note 31(e) for details of security over land and buildings.

10. PROPERTY PLANT & EQUIPMENT (continued)

Reconciliations

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

	Consolidated	
	2012 $'000	2011 $'000
Land and buildings		
Carrying amount at the beginning of the financial year	**33,840**	42,188
Additions	**2,618**	–
Acquisitions through business combinations	**66**	1,946
Transfers from capital works in progress	**2,393**	-
Fair value (decrement)/increment	**-**	1,408
Transfer to property held for sale	**-**	(1,428)
Disposals	**(1,649)**	(9,539)
Depreciation	**(465)**	(405)
Exchange rate variance	**132**	(330)
Carrying amount at the end of the financial year	**36,935**	33,840
Plant and equipment		
Carrying amount at the beginning of the financial year	**7,003**	8,961
Additions	**472**	105
Acquisitions through business combinations	**2,613**	330
Other	**(1,900)**	-
Transfers from capital works in progress	**1,257**	716
Transfers from leased plant and equipment	**261**	105
Disposals	**(190)**	(315)
Depreciation	**(2,831)**	(2,872)
Exchange rate variance	**29**	(27)
Carrying amount at the end of the financial year	**6,714**	7,003
Office equipment		
Carrying amount at the beginning of the financial year	**1,179**	724
Additions	**510**	862
Acquisitions through business combinations	**232**	27
Transfers from capital works in progress	**703**	-
Disposals	**(7)**	(12)
Depreciation	**(522)**	(420)
Exchange rate variance	**(5)**	(2)
Carrying amount at the end of the financial year	**2,090**	1,179
Leased plant and equipment		
Carrying amount at the beginning of the financial year	**2,953**	3,466
Additions	**810**	466
Transfers to plant and equipment	**(261)**	(105)
Amortisation	**(835)**	(874)
Carrying amount at the end of the financial year	**2,667**	2,953
Capital works in progress		
Carrying amount at the beginning of the financial year	**2,997**	792
Additions	**2,762**	2,532
Capitalised borrowing costs	**239**	389
Transfers to property, plant and equipment	**(4,353)**	(716)
Carrying amount at the end of the financial year	**1,645**	2,997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated 2012 $'000	Consolidated 2011 $'000
11. INTANGIBLES		
Goodwill at cost	**20,267**	6,368
Brand names at cost	**6,930**	6,930
Accumulated amortisation	**(691)**	(691)
	6,239	6,239
Intellectual property at cost	**23,578**	22,665
Accumulated amortisation	**(9,470)**	(8,735)
	14,108	13,930
Patents and trademarks at cost	**3,451**	891
Accumulated amortisation	**(403)**	(358)
	3,048	533
Total Intangibles	**43,662**	27,070

Reconciliations

Reconciliations of the carrying amounts for each class of intangible assets are set out below:

	2012 $'000	2011 $'000
Goodwill		
Carrying amount at the beginning of the financial year	**6,368**	3,615
Acquisition through business combination	**13,899**	2,753
Carrying amount at the end of the financial year	**20,267**	6,368
Brand names		
Carrying amount at the beginning of the financial year	**6,239**	6,239
Amortisation	**-**	–
Carrying amount at the end of the financial year	**6,239**	6,239
Intellectual property		
Carrying amount at the beginning of the financial year	**13,930**	14,649
Amortisation	**(735)**	(735)
Acquisition through business combination	**913**	16
Carrying amount at the end of the financial year	**14,108**	13,930
Patents and trademarks		
Carrying amount at the beginning of the financial year	**533**	578
Amortisation	**(45)**	(45)
Acquisition through business combination	**2,560**	-
Carrying amount at the end of the financial year	**3,048**	533

11. INTANGIBLES (continued)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Goodwill allocation by CGU:		
Freighter	**2,853**	2,853
Maxi-CUBE	**762**	762
Azmeb (provisionally allocated)	**168**	-
Parts and Spares (provisionally allocated)	**13,731**	-
Yangzhou Maxi-CUBE Tong Composites (China)	**2,753**	2,753
	20,267	6,368

Impairment tests for Goodwill

The recoverable amount of the CGU's to which goodwill is allocated 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 below the long-term market average. The growth rate used is 4% which is based on the most recent Australian Government, Department of Transport and Regional Services, Auslink White Paper and the post tax discount rates used were 10.6% - 11.6% (2011: 15.2%).

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 with indefinite useful lives are allocated, pursuant to AASB 136. 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 2012. A post tax discount rate of 10.6% (2011:15.2%) was used in determining the recoverable amount.

12. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
Trade payables	**28,167**	18,772
Other payables and accruals	**10,805**	7,977
Total trade and other payables	**38,972**	26,749

13. INTEREST BEARING LOANS AND BORROWINGS

	Note	2012 $'000	2011 $'000
Current			
Lease liability	28(a)	**1,870**	1,668
Total current interest bearing liabilities		**1,870**	1,668
Non Current			
Bank loans – secured	31(e)	**26,000**	12,700
Lease liability	28(a)	**2,014**	1,793
Total non-current interest bearing liabilities		**28,014**	14,493

Secured bank loans are subject to a floating interest rate. Interest rate swaps have been executed in respect of $20m (2011:$5m) of this debt in order to mitigate interest rate risk. Refer to note 31(b) for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated 2012 $'000	Consolidated 2011 $'000
14. PROVISIONS		
Current		
Employee entitlements	**6,847**	5,449
Warranty	**1,266**	1,150
Total current provisions	**8,113**	6,599
Non Current		
Employee entitlements	**883**	650
Aggregate employee entitlements liability	**7,730**	6,099

Reconciliations

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

Warranty

	2012 $'000	2011 $'000
Carrying amount at the beginning of the financial year	**1,150**	1,324
Provisions made/(used) during the year	**116**	(174)
Carrying amount at the end of the financial year	**1,266**	1,150

15. ISSUED CAPITAL

	2012 $'000	2011 $'000
183,993,392 (2011: 183,993,392) fully paid ordinary shares	**56,386**	56,386
Total	**56,386**	56,386
Ordinary Shares paid up capital at the beginning of the financial year 183,993,392 (2011: 182,866,700)	**56,386**	56,034
Shares issued during the year:		
– 1,126,692 on 15 October 2010 (i)	**-**	352
At end of financial year	**56,386**	56,386

(i) Additions to contributed equity were made in accordance with the Company's dividend re-investment plan ('DRP') 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 24 September 2010. The DRP was suspended on 21 June 2011.

15. ISSUED CAPITAL (continued)

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.

16. EARNINGS PER SHARE

Basic earnings per share

	Consolidated	
	2012 – $'000	2011 – $'000
Earnings reconciliation		
Net profit attributable to equity holders of the company	**12,334**	4,171
Basic earnings	**12,334**	4,171

	2012 – Number	2011 – Number
Weighted average number of shares		
Ordinary shares on issue at 1 July	**183,993,392**	182,866,700
Effect of shares issued during the year	**-**	799,488
Number for basic earnings per share	**183,993,392**	183,666,188

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2012 is based on net profit attributable to equity holders of the company of $12,334,000 and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 2,185,780.

	2012 – Number	2011 – Number
Weighted average number of shares (diluted)		
Weighted average number of shares (basic)	**183,993,392**	183,666,188
Effect of Performance Rights on issue	**2,185,780**	-
Number for diluted earnings per share	**186,179,172**	183,666,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

17. RESERVES

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.

Share based payments reserve
The share based payments reserve includes the fair value of share based payments recognised as an employee expense over the vesting period.

18. DIVIDENDS

Dividends paid	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percent franked
2012					
Interim – ordinary	2.00	3,680	20 April 2012	30% (Class C)	100%
Total dividends paid	**2.00**	**3,680**			
2011					
Final – ordinary	1.50	2,760	21 October 2011	30% (Class C)	100%
Total dividends paid	**1.50**	**2,760**			
Dividends proposed					
Final – ordinary	**2.25**	**4,140**	12 October 2012	30% (Class C)	100%

The above dividend was declared after the end of the financial year and will be paid on 12 October 2012. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2012 and will be recognised in subsequent financial statements.

Dividend re-investment plan

The operation of the Company's dividend reinvestment plan ("DRP") was suspended on 21 June 2011 until further notice and will not apply to the above dividend.

	The Company	
Dividend franking account	**2012 $'000**	2011 $'000
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	**8,279**	4,858

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 balances. 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 $1,774,222 (2011: $1,182,814).

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 2012

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Revenue					
External segment revenue	181,044	91,001	3,471	–	275,516
Inter-segment revenue	1,181	21,969	–	(23,150)	–
Total segment revenue	**182,225**	**112,970**	**3,471**	**(23,150)**	**275,516**
Unallocated sundry revenue					1,251
Total revenue					**276,767**
Segment Net profit before tax	**10,154**	**8,915**	**53**	**–**	**19,122**
Share of net profit of equity accounted investments					1,108
Unallocated corporate expenses					(3,435)
Profit before related income tax expense					16,795
Income tax expense					(4,273)
Net profit					**12,522**
Depreciation and amortisation	4,133	1,309	7	–	5,449
Unallocated depreciation and amortisation					(16)
Total depreciation and amortisation					**5,433**
Assets					
Segment assets	102,280	59,416	3,454	–	165,150
Unallocated corporate assets					19,087
Consolidated total assets					**184,237**
Liabilities					
Segment liabilities	11,369	17,929	40	–	29,338
Unallocated corporate liabilities					56,204
Consolidated total liabilities					**85,542**
Capital expenditure[i]	2,390	2,818	37	–	5,245
Unallocated capital expenditure					266
Consolidated capital expenditure					**5,511**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

19. SEGMENT INFORMATION (continued)

Year ended 30 June 2011

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Revenue					
External segment revenue	134,519	63,459	3,351	–	201,329
Inter–segment revenue	1,347	15,620	–	(16,967)	–
Total segment revenue	**135,866**	**79,079**	**3,351**	**(16,967)**	**201,329**
Unallocated sundry revenue					1,147
Total revenue					**202,476**
Segment Net profit before tax	**(3,288)**	**5,399**	**(118)**	**–**	**1,993**
Share of net profit of equity accounted investments					953
Gain on consolidation of acquiree					1,702
Unallocated gain on property disposals					706
Unallocated corporate expenses					(1,013)
Profit before related income tax expense					4,341
Income tax expense					(170)
Net profit					**4,171**
Depreciation and amortisation	4,198	955	7	–	5,160
Unallocated depreciation and amortisation					191
Total depreciation and amortisation					**5,351**
Assets					
Segment assets	95,051	37,255	2,231	–	134,537
Unallocated corporate assets					12,162
Consolidated total assets					**146,699**
Liabilities					
Segment liabilities	12,679	9,816	6	–	22,501
Unallocated corporate liabilities					32,476
Consolidated total liabilities					**54,977**
Capital expenditure[i]	2,552	1,766	–	–	4,318
Unallocated capital expenditure					36
Consolidated capital expenditure					**4,354**

(i) Capital expenditure includes the 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.

20. SHARE BASED PAYMENTS

The MaxiTRANS Performance Rights Plan ('PRP') was approved by shareholders at the annual general meeting held on 15 October 2010. The PRP is available to executive directors and to senior management and is 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 ('PR's') 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 provided they remain in the employ of the Group throughout that period.

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

Summary of PR's over unissued ordinary shares

The terms and conditions relating to PR's currently on issue are as follows:

Period	1 July 2011 - 30 June 2014	1 July 2010 - 30 June 2013
Grant date	30 September 2011	30 September 2010
Total PR's Issued	2,893,613	1,487,714
Total PR's remaining on issue	2,893,613	1,295,328
Base ROIC	4.2% (year ended 30 June 2011)	5.4% (year ended 30 June 2010)
Target increase in ROIC	Average of 2.5% per annum (7.5% over 3 years)	Average of 2% per annum (6% over 3 years)
Percentage increase in base ROIC required	179%	111%
Minimum % of target that must be achieved for Performance Rights to vest	70% (i.e. average of 1.75% per annum)	70% (i.e. average of 1.4% per annum)
Minimum service requirement	3 years from grant date	3 years from grant date

Inputs for measurement of grant date fair value

The fair value of PR's is calculated at the date of grant by an independent external valuer using the Monte Carlo simulation model and allocated to each reporting period evenly over the period from grant date to vesting date. Expected volatility is estimated by considering historic average share price volatility. The fair value of PR's and the inputs used in the measurement of the fair value at grant date of the PR's are as follows:

	2012	2011
Fair value at grant date	**22.31¢**	24.53¢
Share price at grant date	**28.50¢**	32.00¢
Expected volatility	**50.00%**	50.00%
Expected dividend yield	**6.50%**	6.50%
Risk-free rate of return	**3.80%**	4.30%
Liquidity discount	**15.00%**	15.00%

The fair value of services received in return for PR's granted are measured by reference to the fair value of PR's granted.

PR's 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. The fair value of performance rights granted is recognised as an employee expense with a corresponding increase in equity recorded over the vesting period based on the probability of vesting conditions being achieved.

20. SHARE BASED PAYMENTS (continued)

Employee expenses

	Consolidated	
	2012 $'000	2011 $'000
PR's on issue	**150**	51
Total share based payment expense recognised as employee costs	**150**	51

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 26 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.

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

Executive directors

- Mr M Brockhoff (Managing Director)

Executives

- Mr M Mattia (Chief Financial Officer and Company Secretary)
- Mr A Wibberley (General Manager – Resources)
- Mr P Buttler (General Manager - Manufacturing) - appointed 1 August 2011
- Mr C Wallace (General Manager - Hamelex White)
- Mr N Zantuck (General Manager – Vic Branch)
- Mr P Loimaranta (General Manager – MaxiTRANS Parts)

21. RELATED PARTY DISCLOSURES (continued)

(c) Directors' and executives' holdings of shares

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

2012 Shares

MaxiTRANS Industries Limited	Held at 1 July 2011	Purchases	Sales	Held at 30 June 2012
Directors:				
Mr M Brockhoff	2,871,500	–	–	2,871,500
Mr I Davis	1,202,193	100,000	–	1,302,193
Mr J Curtis	24,175,030	–	–	24,175,030
Mr G Lord	1,039,604	10,000	–	1,049,604
Mr R Wylie	21,364	–	–	21,364
Executive:				
Mr. P Loimaranta	15,000	–	–	15,000

2011 Shares

MaxiTRANS Industries Limited	Held at 1 July 2010	Purchases	Sales	Held at 30 June 2011
Directors:				
Mr M Brockhoff	2,671,500	200,000	–	2,871,500
Mr I Davis	1,164,928	37,265	–	1,202,193
Mr J Curtis	23,769,067	405,963	–	24,175,030
Mr G Lord	1,039,604	–	–	1,039,604
Mr R Wylie	21,364	–	–	21,364
Executive:				
Mr. P Loimaranta	15,000	–	–	15,000

Performance Rights

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

(d) Directors' transactions in shares

Directors and their related entities acquired 110,000 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 $399,000 (2011: $304,000) 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 (2011: $37,000).

MaxiTRANS Industries Limited and controlled entities paid consulting fees of $47,836 (2011: nil) to UXC Consulting Pty Ltd, a subsidiary of UXC Limited of which Mr G Lord is Chairman. All dealings were in the ordinary course of business and on normal commercial terms and conditions. Amounts owing at year end total $nil (2011: $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 $27,631,000 (2011: $18,581,000) for the sale of new units, parts and the provisions of services. Amounts receivable from associates at year end total $908,000 (2011: $2,488,000).

During the year the company paid for services and parts from associates totalling $2,267,000 (2011: $2,461,000). Amounts owing at year end total $60,000 (2011: $141,000).

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	
	2012 $'000	2011 $'000
Short-term employee benefits	**2,328**	2,301
Post-employment benefits	**195**	204
Share based payment benefits	**131**	46
	2,654	2,551

22. PARENT ENTITY

As at 30 June 2012 and throughout the financial year ending on that date, the parent company of the Group was MaxiTRANS Industries Limited.

	Company	
	2012 $'000	2011 $'000
Results of the parent company		
Profit/(loss) for the year	**13,431**	10,326
Other comprehensive income	**-**	–
Total comprehensive income	**13,431**	10,326
Financial position of the parent company		
Current assets	**51,332**	40,047
Total assets	**78,948**	67,925
Current liabilities	**4,330**	448
Total liabilities	**4,330**	448
Net Assets	**74,618**	67,477
Total equity of the parent company comprising of:		
Issued capital	**56,386**	56,386
Reserves	**201**	51
Retained earnings	**18,031**	11,040
Total equity	**74,618**	67,477

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 2012 %	2011 %
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
Queensland Diesel Spares Pty Ltd	**Aust.**	Ord.	**100**	-
MaxiTRANS (China) Limited	**Hong Kong**	Ord.	**100**	100
Yangzhou Maxi-CUBE Tong Composites Co Ltd	**China**	Ord.	**80**	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 (N.Z.) Pty Ltd, Colrain Pty Ltd (effective 1 September 2008, previously ineligible) and Queensland Diesel Spares Pty Ltd (effective 22 June 2012, 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.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2012 is set out as follows:

24. DEED OF CROSS GUARANTEE (continued)

Consolidated statement of comprehensive income

	Consolidated	
	2012 $'000	2011 $'000
Total revenue	265,072	196,324
Changes in inventories of finished goods and work in progress	3,120	(307)
Raw materials and consumables used	(162,295)	(119,079)
Other income	442	437
Employee expenses	(63,893)	(52,381)
Depreciation and amortisation expenses	(5,285)	(5,282)
Finance costs	(1,321)	(1,532)
Other expenses	(21,183)	(16,665)
Share of net profits of associates and joint ventures accounted for using the equity method	1,108	953
Profit before income tax	15,765	2,468
Income tax expense	(4,034)	(75)
Profit for the year	11,731	2,393
Other comprehensive income		
Net exchange difference on translation of financial statements of foreign operations	(23)	(382)
Revaluation of land and buildings	-	1,408
Other comprehensive income/(loss) for the year before income tax	(23)	1,026
Income tax	-	(424)
Other comprehensive income/(loss) for the year before income tax	(23)	602
Total comprehensive income for the year	11,708	2,995
Profit attributable to:		
Equity holders of the company	11,731	2,393
Total comprehensive income attributable to:		
Equity holders of the company	11,708	2,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont)

FOR THE YEAR ENDED 30 JUNE 2012

24. DEED OF CROSS GUARANTEE (continued)

Consolidated statement of financial position

	Consolidated	
	2012 $'000	2011 $'000
Current Assets		
Cash and cash equivalents	**1,727**	4,507
Trade and other receivables	**30,423**	21,427
Inventories	**46,198**	33,734
Property held for sale	**-**	1,428
Other	**1,201**	1,308
Total Current Assets	**79,549**	62,404
Non-Current Assets		
Investments accounted for using the equity method	**3,212**	2,833
Investments in controlled entities	**4,959**	6,031
Property, plant & equipment	**46,900**	45,746
Intangible assets	**40,904**	24,303
Other	**981**	925
Total Non-Current Assets	**96,956**	79,838
Total Assets	**176,505**	142,242
Current Liabilities		
Trade and other payables	**35,976**	24,304
Interest bearing loans and borrowings	**1,870**	1,668
Current tax liability	**4,564**	191
Provisions	**7,796**	6,344
Total Current Liabilities	**50,206**	32,507
Non-Current Liabilities		
Interest bearing loans and borrowings	**28,014**	14,493
Deferred tax liabilities	**1,903**	4,511
Provisions	**883**	650
Total Non-Current Liabilities	**30,800**	19,654
Total Liabilities	**81,006**	52,161
Net Assets	**95,499**	90,081
Equity		
Issued capital	**56,386**	56,386
Reserves	**7,233**	8,453
Retained profits	**31,880**	25,242
Total Equity	**95,499**	90,081

25. ACQUISITION OF SUBSIDIARY AND BUSINESS

On 3 April 2012 the Group obtained control of Queensland Diesel Spares Pty Limited ('QDS'), a leading retailer of truck parts, accessories and consumables to the Queensland transportation industry by acquiring 100% of shares and voting rights in the company. Taking control of QDS will assist the Group in achieving its strategy to expand the national footprint of the Group's successful parts business.

In the period from 3 April 2012 to 30 June 2012, QDS contributed revenue of $11,103,000 and net profit before tax of $868,000 before the elimination of intercompany transactions and acquisition costs.

On 21 May 2012 the Group acquired the business assets of AZMEB Global Trailers ('AZMEB'), a leading designer, manufacturer and marketer of side tippers to the mining and resources sector and to the waste management industry. Acquiring AZMEB continues the Group's strategy of expanding its participation in Australia's mining and resources sector.

In the period from 21 May 2012 to 30 June 2012, AZMEB contributed revenue of $2,410,000 and net profit before tax of $253,000 before the elimination of intercompany transactions and acquisition costs.

The results of the combined Group, had the above acquisitions occurred on 1 July 2011 have not been presented on the basis that compiling such information was considered impracticable.

The following summarises the major classes of consideration transferred, and the recognised provisional fair values of assets acquired and liabilities assumed as at the acquisition date:

Consideration transferred	QDS $'000	AZMEB $'000
Cash	19,980	6,041
Amounts payable	1,122	273
Total consideration	**21,102**	**6,314**
Indentifiable assets acquired and liabilities assumed		
Cash	12	-
Trade and other receivables	5,229	-
Inventory	5,374	1,364
Property, plant & equipment	1,523	1,388
Intangible assets (excluding goodwill)	-	3,473
Other assets	72	40
Trade and other payables	(3,826)	(63)
Provisions	(642)	(106)
Current tax liability	(705)	-
Deferred tax asset/(liability)	334	50
Total net identifiable assets	**7,371**	**6,146**

The above amounts have been determined on a provisional basis and are subject to the finalisation of independent valuations.

Goodwill		
Goodwill was recognised as a result of the acquisition as follows:		
Total consideration transferred	21,102	6,314
Provisional fair value of identifiable net assets	(7,371)	(6,146)
Total goodwill	**13,731**	**168**

Goodwill in respect of QDS is mainly attributable to its position as a leading retailer to the Queensland transportation industry which has grown successfully over a 25 year period and the synergies which are expected to be derived along with the Group's existing parts business, Colrain, itself a leading importer and distributor of truck and trailer components, parts and accessories with 8 retail stores in Victoria and South Australia and wholesale operations in Queensland, New South Wales and Western Australia.

25. ACQUISITION OF SUBSIDIARY AND BUSINESS (continued)

Acquisition costs

The group incurred costs associated with the acquisitions of $886,000, related to stamp duty, external legal fees, due diligence, valuation and travel costs. These costs have been included in other expenses in the consolidated income statement.

26. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

Name of Entity	Principal Activity	Ownership 2012 %	Ownership 2011 %
Trailer Sales Pty Ltd (formerly Freighter Maxi-Cube Queensland Pty Ltd)	Trailer retailer. Repairs and service provider Sale of spare parts	**36.67**	36.67

$'000	Revenues (100%)	Profit (100%)	Share of associates profit recognised	Total assets	Total liabilities	Net assets as reported by associates
2012	59,012	3,022	1,108	17,810	10,178	7,632
2011	52,018	2,381	953	17,810	11,210	6,600

Following the acquisition of the remaining 50% of the shares in Yangzhou Maxi-CUBE Tong Composites Co Limited on 1 January 2011, the Group ceased to account for its investment using the equity method and has included it as part of the consolidated Group. The above revenue and profit information for 2011 incorporates the period prior to acquisition only and no balance sheet amounts are reflected.

Commitments

The share of associates' capital commitments contracted but not provided for or payable within one year was $nil at 30 June 2012 (2011: $nil).

27. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Consolidated	
	2012 $'000	2011 $'000
Profit for the year	**12,522**	4,171
Non cash items in operating profit		
Depreciation/amortisation of assets	**5,433**	5,351
Profit on sale of fixed assets	**(76)**	(619)
Share of associates profit	**(1,108)**	(953)
Share based payments expense	**150**	51
Gain on consolidation of acquiree	**-**	(1,702)
Change in assets & liabilities		
(Increase)/decrease in receivables	**(4,848)**	4,792
(Increase)/decrease in other assets	**658**	(148)
(Increase)/decrease in inventories	**(5,640)**	645
Increase/(decrease) in accounts payable and other liabilities	**8,128**	(2,002)
Increase/(decrease) in income tax payable	**3,732**	404
Increase/(decrease) in deferred taxes	**(2,388)**	(938)
Increase/(decrease) in provisions	**1,004**	6
Net cash flows from operating activities	**17,567**	9,058

(b) Non–cash financing and investing activities

Acquisition of plant & equipment by means of finance leases	**810**	466

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

During the year ended 30 June 2011, 1,126,692 shares with a value of $352,000 were issued in accordance with the Company's ordinary share dividend re–investment plan. The dividend re-investment plan was not active during 2012.

28. CAPITAL AND LEASING COMMITMENTS

(a) Finance lease commitments

	2012	2011
Payable		
– not later than 1 year	**2,092**	1,754
– later than 1 year but not later than 5 years	**2,259**	1,963
Minimum lease payments	**4,351**	3,717
Future finance charges	**(467)**	(256)
Total lease liability	**3,884**	3,461

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.

28. CAPITAL AND LEASING COMMITMENTS (continued)

	Consolidated	
	2012 $'000	2011 $'000
(b) Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
– not later than 1 year	**3,516**	1,812
– later than 1 year but not later than 5 years	**7,867**	3,313
Total operating lease commitments	**11,383**	5,125

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		
Contracted but not provided for and payable not later than 1 year	**3,878**	2,387

29. 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.

30. REMUNERATION OF AUDITOR

Remuneration of the auditor of the Company for:	**$**	$
KPMG Australia		
– auditing and reviewing the financial statements	**204,650**	199,950
– other services (taxation & advisory)	**153,946**	105,303
	358,596	305,253
Overseas KPMG Firms		
– auditing and reviewing financial statements	**51,407**	12,978
– other services (tax, advisory & due diligence)	**9,799**	47,692

31. 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.

31. 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	
	2012 $'000	2011 $'000
INTEREST RATE RISK		
Financial Assets		
Cash and cash equivalents – floating rate	**3,791**	6,382
Financial Liabilities		
Borrowings – fixed rate	**23,884**	8,461
Borrowings – floating rate	**6,000**	7,700

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	
	2012 $'000	2011 $'000
Judgement of reasonably possible movements		
100bp increase with all other variables held constant	**(60)**	(73)
100bp decrease with all other variables held constant	**60**	73

(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.

31. 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	**2012 $'000**	2011 $'000
Recognised financial assets			
Cash and cash equivalents		**3,791**	6,382
Trade receivables	6	**34,486**	24,353
Other receivables	8	**981**	925
		39,258	31,660

(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	
	2012	2011	**2012 FC'000**	2011 FC'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Buy US Dollar	**1.0047**	1.0180	**6,169**	4,253	**6,140**	4,178	**1**	(90)
Buy Euro	**0.7773**	0.7215	**1,643**	382	**2,113**	530	**(56)**	(3)
Buy GB Pound	**-**	0.6300	**-**	1,808	**-**	2,870	**-**	(84)
					8,253	7,578	**(55)**	(177)

31. 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	
	2012 $'000	2011 $'000
Judgement of reasonably possible movements		
US Dollar		
10.0 cents increase with all other variables held constant	**(388)**	(314)
EUR		
10.0 cents increase with all other variables held constant	**(200)**	(47)
GBP		
10.0 pence increase with all other variables held constant	**-**	(319)

(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 2012

31. FINANCIAL INSTRUMENTS (continued)

30 June 2012	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	3,791				
Trade & other receivables	34,486				
Financial Liabilities					
Trade payables	38,972				
Borrowings	1,026	844	1,132	26,882	-

Effective interest rate on borrowings 7.56%

30 June 2011	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	6,382	–	–	–	–
Trade & other receivables	24,353	–	–	–	–
Financial Liabilities					
Trade payables	26,749	–	–	–	–
Borrowings	1,044	630	13,509	978	–

Effective interest rate on borrowings 7.85%

	Consolidated 2012 $'000	Consolidated 2011 $'000
Finance Facilities		
At year end, the Group had the following financing facilities in place with its bankers:		
Available facilities		
Loan facility	**38,178**	38,088
Overdraft facility	**1,000**	1,000
Lease and asset finance facility	**8,150**	8,150
	47,328	47,238
Facilities utilised at balance date		
Loan facility	**26,000**	12,700
Lease and asset finance facility	**3,884**	3,461
	29,884	16,161
Facilities not utilised at balance date		
Loan facility	**12,178**	25,388
Overdraft facility	**1,000**	1,000
Lease facility	**4,266**	4,689
	17,444	31,077

31. 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 $35,028,000 (2011: $33,372,000).

Core loan facilities are available until October 2014 subject to continuing compliance with the terms of the facilities. Interest rates are a combination of fixed and variable.

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

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 2012 and 2011 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	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000
Financial assets at amortised cost				
Trade receivables	**33,717**	24,129	**33,717**	24,129
Other receivables	**769**	699	**769**	699
Non-derivative financial liabilities				
Accounts payable	**38,972**	26,749	**38,972**	26,749
Bank loans	**26,000**	12,700	**25,710**	12,683
Finance leases	**3,884**	3,461	**3,884**	3,461

32. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to the reporting date which would have a material effect on the Group's financial statements for the year ended 30 June 2012.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2012

KPMG

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of MaxiTRANS Industries Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair 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 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 2012. 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 2012, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG Melbourne 17 August 2012	Tony Romeo Partner

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AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2012

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 2012 are:

	Ordinary shares
Transcap Pty Ltd & related parties	24,779,972
HGT Investments Pty Ltd	13,808,377

Voting rights

As at 31 July 2012, there were 3,566 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 2012, there were no unquoted options over unissued ordinary shares.

Distribution of shareholders

(As at 31 July 2012)

Category – No of shares	No of shareholders
1-1,000	280
1,000-5,000	884
5,001 – 10,000	668
10,001 – 100,000	1,524
100,001 and over	210
	3,566

Shareholders with less than a marketable parcel

As at 31 July 2012, there were 162 shareholders holding less than a marketable parcel of 758 ordinary shares ($0.66 on 31 July 2012) in the Company totalling 42,186 ordinary shares.

On market buyback

On 21 October 2011 the Company announced an on market buyback of up to 18 million shares during the period 7 November 2011 to 6 November 2012. To date, no transactions have occurred under the scheme.

AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION (cont)

FOR THE YEAR ENDED 30 JUNE 2012

TWENTY LARGEST SHAREHOLDERS – ORDINARY SHARES (AS AT 31 JULY 2012)

Name	Number of fully paid ordinary shares held	Percentage held of issued ordinary shares
Transcap Pty Ltd	17,935,549	9.75%
HGT Investments Pty Ltd	13,808,377	7.50%
RBC Dexia Investor Services Australia Nominees Pty Ltd	6,736,906	3.66%
Citicorp Nominees Pty Ltd	5,619,032	3.05%
National Nominees Limited	4,899,566	2.66%
Toroa Pty Ltd	4,793,592	2.61%
J P Morgan Nominees Australia Limited	2,994,847	1.63%
Cogent Nominees Pty Ltd	2,430,484	1.32%
Tanerka Pty Ltd	2,015,000	1.10%
De Bruin Securities Pty Ltd	2,000,000	1.09%
Sandhurst Trustees Ltd	1,999,509	1.09%
Researched Investments Pty Ltd	1,707,000	0.93%
Mandel Pty Ltd	1,641,000	0.89%
John E Gill Trading Pty Ltd	1,571,933	0.85%
Navigator Australia Ltd	1,485,314	0.81%
Mr A J Shannon	1,437,000	0.78%
Mr E D Ross	1,406,540	0.76%
John E Gill Operations Pty Ltd	1,391,657	0.76%
Mr J R Curtis	1,328,439	0.72%
Denvorcorp Holdings Pty Ltd	1,302,193	0.71%
TOTAL	**78,503,938**	**42.67%**

NOTES


Griffin
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