



**trailingsolutions;
trailersrentalsparts
financerepairservice**

**annualreport
2003**

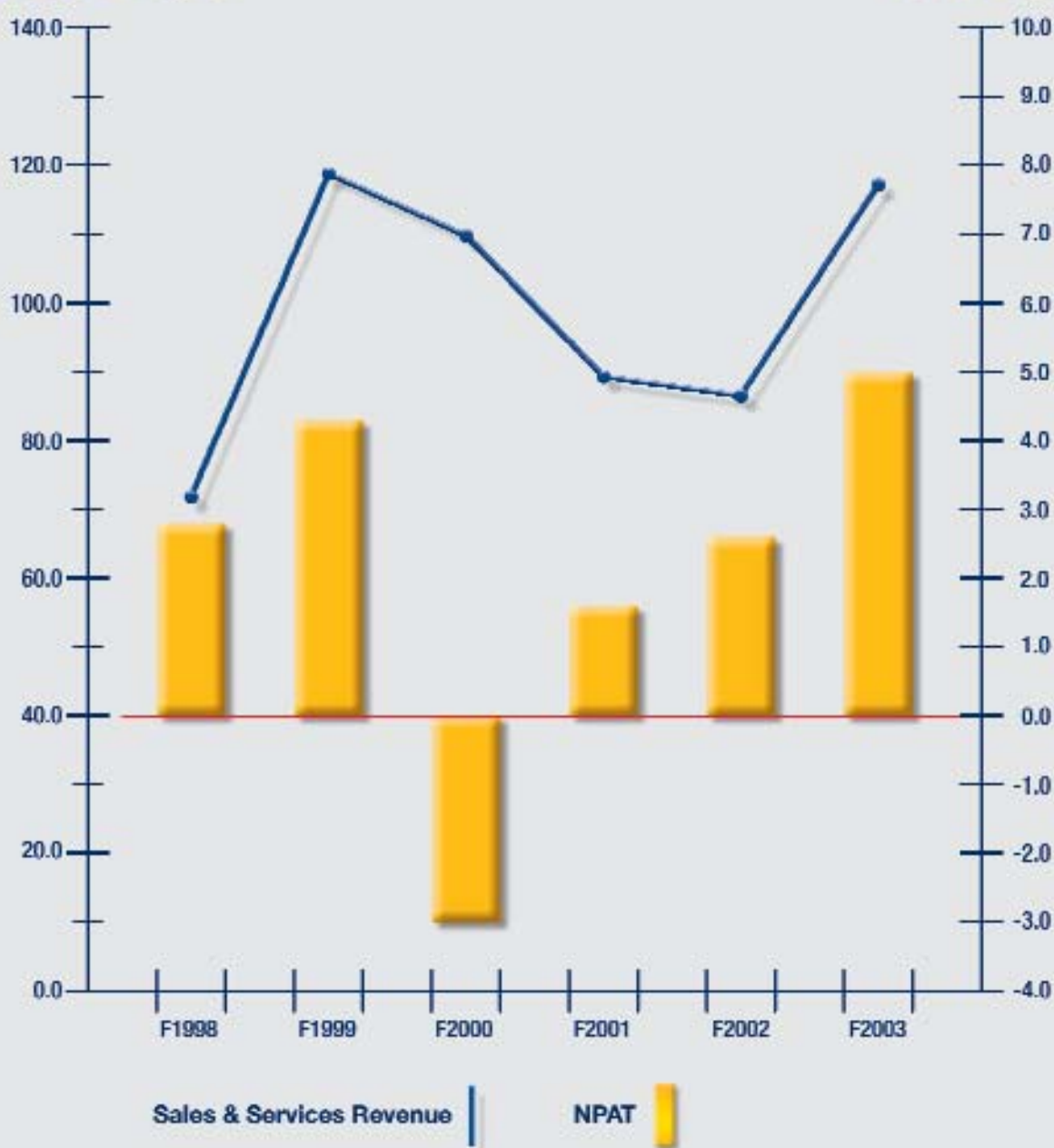


Mission

MaxiTRANS is a growing and profitable manufacturer and supplier of high quality, innovative transport equipment, parts, services and solutions that provide our customers with a competitive advantage.

REVENUE \$M

NPAT \$M



Highlights

- > **Record net profit after tax of \$5,004,000 - 93% increase**
- > **107% increase in net profit before tax**
- > **35% increase in sales revenue**
- > **67% increase in dividends to 2.5 cps for the year**
- > **Upgrade of Ballarat manufacturing facility completed**
- > **Acquired Lusty EMS Pty Ltd - July 2003**
- > **New Victorian Branch at Derrimut exceeding expectations**
- > **Buy back/conversion of 15 million converting preference shares**

Chairman Ian Davis



The Company has again achieved a significant increase in revenue and earnings as a result of improved operational efficiency, product and service offerings, a healthy market place and increased market share.

Operating profit after tax rose 93% from \$2,587,000 to \$5,004,000.

Pre-tax profit increased 107% from \$3,409,000 to \$7,053,000, after including \$1,387,000 of one-off items of expense primarily relating to process improvement activities and the reclassification of converting preference share dividends as interest expense. The results for the prior year included a \$620,000 gain on the sale of the Coonara heater business.

MaxiTRANS' operating performance for the year highlights the sustained operational improvement and recovery achieved over the last three years, during which time the Company has made significant investments in performance improvement programs, capital equipment and acquisitions.

Our key objective remains to be a customer focussed supplier of transport trailing solutions, with a focus on growth, diversification and operational improvement. Strategies to achieve this objective have been, or are being implemented.

Revenue from sales and services increased by 35% to \$117 million, which is the highest revenue ever achieved by the Company after excluding the impact of sales tax on revenues for 1999. This substantial increase reflects stronger market conditions and increased market share in several segments.

The Company acquired Lusty EMS Pty Ltd, a Brisbane based designer and

manufacturer of aluminium semi-tippers, on 3 July 2003. The acquisition of Lusty EMS provides the Company with product diversification, aluminium fabrication skills and the opportunity to expand sales and manufacturing throughout Australia. Lusty EMS has a reputation for quality, innovation and design capability and is capable of solid growth over the coming years.

As part of our strategy to diversify into activities counter-cyclical to the manufacture and sale of trailers and vans, the Company acquired a retail parts/workshop facility at Traralgon, in regional Victoria, and also took a minority interest in Fuwa K Hitch (Australia) Pty Ltd, a quality and growth driven supplier of heavy-duty transport components.

The Company remains focussed on cash flow management, in particular working capital management while the Company is achieving solid growth and investing in acquisitions and capital equipment. Cash flow from operating activities was \$7,359,000, which was comparable to that of the prior year.

This was prior to the acquisitions noted above, the buy-back of converting preference shares, and investment in capital expenditure of \$8 million. The investment in capital expenditure primarily related to the upgrade of the Ballarat facility and the construction of the new Victorian branch at Derrimut. MaxiTRANS is prepared to invest in capital equipment that will facilitate operational improvement and/or improve occupational health and safety.

As a result of the improved performance and the directors' confidence in the improving operating performance and market conditions, the Company will pay a final dividend of 1.5 cents per ordinary share on 17 October 2003, bringing the total dividends paid on ordinary shares for the year to 2.5 cents per share, a 67% increase on the prior year.

In January 2003 the Company bought back 7,453,000 converting preference shares. The buy back was undertaken because of a perception of a potential over-hang in the market upon conversion to ordinary shares, which the directors felt may have an adverse impact on the price of ordinary shares in the market. The remaining 7,547,000 converting preference shares converted to ordinary shares as at 31 March 2003.

In accordance with Accounting Standards the dividends paid on the converting preference shares of \$271,000 were reclassified as interest expense for this year only.

Market Conditions and Business Development

Demand for all products and services remained strong during the year for Australia and New Zealand, with a very healthy order bank for new equipment in particular throughout the year. We believe that while demand in the market has picked up, trailer and van sales have also been



Managing Director
Michael Brockhoff

favourably impacted by improved quality of product and service, along with new product offerings and increased focus and attention on each and every customer.

The Derrimut site is generally exceeding our expectations and with the rapid development of the Derrimut area, we expect that we will be able to achieve significant growth from all of our product and service offerings from this strategic location. Derrimut offers a total trailing solutions package to our all important customers; they can purchase, finance or rent a new or used van, trailer or semi-tipper; they can have a unit repaired or serviced, or purchase parts.

Product Development

The Company is committed to product development and innovation. During the year Transtech Research introduced a completely re-engineered Slide-A-Side distribution van to the market. This van provides fast loading and unloading through both side and rear doors, without the load restraint issues and labour costs associated with a conventional curtain sided trailer.

The Slide-A-Side can be used in both dry and chilled freight applications and has been well received by the market, as has the Maxi-CUBE "Classic" van, which has undergone a major facelift incorporating all new extrusions, new manufacturing technology and improved insulation performance. The Company has completed extensive testing and is soon to launch the Maxi-CUBE "Advance" van, a revolutionary concept in van manufacture providing improved thermal performance and design with a significant reduction in weight. Transtech Research is also investigating opportunities to improve load restraint, weight reduction and panel manufacture along with the development of innovative solutions for our customers.

Vans and Trailers

During the year the Company completed a significant capital upgrade of its Ballarat manufacturing facility, and an extensive process improvement project – during a year of record production for the Company. The management and employees are to be commended on their performance and achievement in what has been a very demanding year, but more importantly a successful year heralding improved efficiency and quality.

The upgrade and process improvement programs have delivered improvements in operational efficiency, quality and occupational health and safety.

The panel and foam facility at Hallam also achieved significant growth during the year as a result of increased demand for panel for vans manufactured at Ballarat along with demand for rigid body kits, which is steadily growing as a result of improved quality, sales representation and customer service. With the recent concerns from insurers regarding the

flammability of polystyrene foam products the Company is in the process of producing a fire retardant polyurethane foam product, with particular focus on cool room and associated applications. We are also looking at other applications for foam products in order to increase sales and utilisation of foam manufacturing facilities.

Parts

FY 2003 was a year of investment in people and infrastructure for the Parts group along with completion of two minor but strategically important acquisitions. Expansion of the Parts group is a key platform in our strategy to grow and diversify, with parts being a counter-cyclical segment to the sale of new trailers and vans. Range expansion and improved sourcing by the Parts group is also providing our manufacturing operations with the opportunity to improve quality and pricing of components, providing a dual benefit to the group. The benefits of the range expansion and improved sourcing will be realised in FY 2004, along with the benefits associated with improved availability and customer service. A Trail Truck retail parts outlet was also established at Derrimut in November 2002 and is expanding in accordance with our expectations for the Derrimut area.

The acquisition of the Trail Truck operation at Traralgon provides an opportunity for geographical expansion, while the acquisition of a minority interest in Fuwa K Hitch (Australia) Pty Ltd provides our manufacturing facilities with access to quality components at competitive prices.



During the year the wholesale parts operation was relocated from Ballarat to Derrimut in order to improve customer service. Due to the growth in the wholesale parts business, the space at Derrimut is no longer suitable and we are looking to relocate to premises that will accommodate our expected growth. We also launched the Maxus brand for proprietary and certain generic parts, which will expand as we increase our range and customer base.

Victorian Branch Repairs and Service

Hallam Repairs, with its extensive experience in, and reputation for, the repair of fibreglass vans, continues to provide outstanding workmanship and service to its loyal customer base.

Derrimut Service was a "green field" site, which commenced operation in November 2002, and is rapidly expanding due to the demand from the Derrimut area, the transport hub of Melbourne. This operation has exceeded our expectations and we expect significant growth due to our proximity to a very large customer base that demands timely and efficient service of their trailing equipment.

TraileRentals

TraileRentals relocated to Derrimut earlier in the year and with the appointment of a dedicated manager in December 2002, the focus has moved to improving availability by upgrading the casual hire fleet, including livery, and installing a state of the art customer and product management software package. Long term rentals are also being pursued and we remain convinced that opportunities exist in this segment to expand our fleet and provide flexible packages and

solutions to customers who do not wish to purchase equipment or who may wish to match their obligations with their freight contracts.

Used Equipment

Strong demand for new trailers and vans has also been reflected in the used equipment segment, with lack of product availability being the only inhibiting factor for this business unit. Slow moving inventory reduced significantly during the year as did the number of used trailers on hand, reflecting improved pricing and evaluation of units traded.

New Zealand

MaxiTRANS New Zealand achieved its highest sales and earnings since operations commenced in 1996, which is an outstanding turnaround from the losses incurred up to and including 2000. With recent regulation change facilitating demand for new products, a relatively buoyant transport segment, and the desire to enter the parts market in New Zealand, we expect growth in sales and earnings to continue.

MaxiTRANS Finance

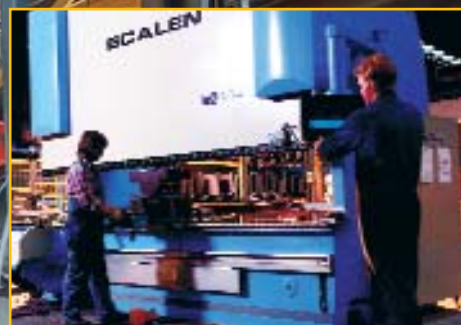
In line with our objective to provide trailing solutions to our customers we established MaxiTRANS Finance during the year in order to provide customers with innovative finance packages to facilitate purchase of MaxiTRANS equipment. MaxiTRANS Finance, through its independent finance manager, can provide customers with cost effective and innovative finance solutions, including operating and finance lease, hire-purchase and rentals.

Freighter Maxi-CUBE Queensland

Our Queensland dealer increased sales and earnings during the year, with parts and new unit sales both showing significant improvement on the prior year. MaxiTRANS' one-third entitlement to earnings increased 71% over the prior year.

China Joint Venture

The 50% owned Yangzhou Maxi-Cube Tong Composites Co. Ltd, based in the Jiangsu province in China, increased sales and earnings during the year although contribution to MaxiTRANS' earnings was lower than the prior year as a result of currency translation losses. The operations were adversely affected by the outbreak of the SARS virus, which resulted in a serious reduction in movement of people and goods throughout China for several months.





Outlook

The full year benefits of the capital upgrade and process improvement programs undertaken at Ballarat and Hallam during the year will be realised in the coming year, without the recurrence of the significant one-off items of expense incurred this year.

The Parts group, after a year of investment in infrastructure and people, is now positioned to deliver significant growth in sales and earnings.

The acquisition of Lusty EMS Pty Ltd is expected to be earnings per share positive and we see opportunities to geographically expand the business and earnings.

Our current order intake and order book remain very strong, and we expect this to continue.

In last year's review we set out the following key strategies that we were pursuing. We reiterate those strategies and progress to date:-

- > Aggressively expand our parts businesses – two acquisitions were made during the year along with the establishment of a new facility at Derrimut – we remain committed to growing this segment through geographical expansion, increased range, improved sourcing and customer service
- > Product development – while we introduced several new products during the year product development is a never ending journey and we will introduce further new products and/or services during the coming year

- > Capital investment – with phase one complete we are pursuing further opportunities that will deliver efficiency and/or an improved health and safety environment
- > New market segments – we acquired Lusty EMS, a quality designer and manufacturer of aluminium semi-tippers, and continue to seek out acquisitions complementary to our strategy to provide diversity and/or counter-cyclical product offering
- > Broaden our service offerings – during the year we introduced MaxiTRANS Finance and will continue to seek out value added service solutions
- > China – we have significantly increased our sourcing from China and will continue to pursue relevant opportunities

People and Partnerships

Our Company's performance and ability to successfully grow is highly dependent on attracting, developing and retaining people with the necessary skills and commitment to deliver sustainable growth and continuous improvement. The Company is committed to training and development as well as providing a safe and harmonious workplace. We recognise that service, loyalty and contribution are important values and we have developed a program to recognise employees who have achieved over 15 years service with the Company.

We take this opportunity to acknowledge the contribution of our employees to the Company's performance during the year, particularly given the increased volume and activities undertaken during the year.

We also take this opportunity to acknowledge our valued and respected dealer network, which provides outstanding representation for Maxi-CUBE and Freighter products throughout Australia. All of our five dealers have been part of the MaxiTRANS family for many years, including Mildura Truck Centre, which has had a proud association with the Freighter brand for over fifty years. Our dealer network is one of our key strengths and we value the relationships we have with each and every one of our dealers.

The Company also acknowledges its vital partnerships and relationships with its customers and suppliers and the key role they play in the Company achieving its objectives.



Lusty EMS

MaxiTRANS plans to grow through expansion into market segments that complement its traditional trailer and van markets, while strengthening its position in those markets. The tipper segment was identified as a potential area for expansion and was subsequently the subject of a market research study to identify the key issues associated with entering that segment.

Lusty EMS was subsequently acquired on 3 July, 2003.

MaxiTRANS believes that this acquisition offers genuine opportunities for sales growth and operational benefits that will flow from the synergies of the two businesses. Through the acquisition, Lusty EMS will benefit from the greater purchasing power of the MaxiTRANS group, while MaxiTRANS will gain valuable knowledge in the manufacture of tippers and its associated aluminium fabrication. In the coming year, manufacture of selected tipper models will commence at the MaxiTRANS factory at Ballarat to serve southern markets, while the majority of production will continue at Lusty EMS' facility in Rocklea, Queensland.

Lusty EMS will continue to be managed by the previous owners, Graham Lusty and Jim MacDonnell, to ensure the continuing success and growth of the business.

With a reputation for high quality and long life, Lusty EMS tippers are used in a wide variety of industries from agriculture through to construction and minerals. The principal products are semi-tippers, with the range also including side tippers, truck and dog tippers and aluminium flat top semi-trailers. Lusty EMS also manufactures walking floor semi-trailers, which are used to transport light and bulky materials such as domestic rubbish. Lusty EMS has just launched the "Stag" 19m B-Double tipper concept which allows both trailers to tip their load without unhitching and offers many advantages over the traditional truck and dog.

MaxiTRANS is confident that the acquisition of Lusty EMS will be EPS positive and will provide significant opportunities for growth.

Board of Directors



Chairman
Ian Davis



Deputy Chairman
James Curtis



Managing Director
Michael Brockhoff



Director
Geoffrey Lord

Company Secretary

Mr. N.F. Gillies

Registered Office

346 Boundary Road
Derrimut Victoria 3030
Telephone: 03 8368 1184
Facsimile: 03 8368 1178

Solicitors

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

Auditor

KPMG
161 Collins Street
Melbourne Victoria 3000

Banker

Australia and New Zealand
Banking Group Limited
287 Collins Street
Melbourne Victoria 3000

Share Registry

ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne, Victoria 3000
Telephone: 03 9615 9999
Facsimile: 03 9615 9900

Stock Exchange

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

Other Information

MaxiTRANS Industries Limited,
incorporated and domiciled in
Australia, is a publicly listed company,
limited by shares.



Report of the Directors and Financial Statements

For The Year Ended 30 June 2003

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MaxiTRANS Industries Limited
ACN 006 797 173



For The Year Ended 30 June 2003

The Board has the responsibility for ensuring the Company is properly managed so as to protect and enhance shareholders' interests in a manner which is consistent with the Company's responsibility to meet its obligations to all parties with which the Company interacts. To this end the following Corporate Governance policies and practices have been adopted by resolution of the Board.

(i) The Board

The Company presently has three non-executive directors, including the Chairman, and one executive director. The Board composition conforms with the Board's policy that the Chairman be a non-executive director and that at least half of the directors are to be non-executive directors.

The Board has adopted a Board Charter to promote high standards of corporate governance, clarify the role and responsibilities of the Board, and enable the Board to provide strategic guidance for the Company and effective management oversight.

The Board will comprise Directors who are proficient in all of the Company's business portfolios with an appropriate range of skills, experience and expertise to complement the Company's 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.

Details of each member of the Board are set out in the Report of the Directors.

(ii) Appointment and Retirement of Directors

Directors are appointed under formal letters of appointment setting out the key terms and conditions of the appointment to ensure that Directors clearly understand the Company's expectations.

Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for executive directors is linked to their holding of executive office.

(iii) Directors' Access to Information and Independent Professional Advice

All directors are to exercise independent judgement in decision making. 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 will be entitled to access members of management at any time to request relevant and additional information and seek explanations, have access to auditors without management present to request additional information and seek explanations and seek independent professional advice which, with the Chairperson's consent (not to be unreasonably withheld or delayed), will be at the Company's expense.

(iv) Responsibilities of the Board

The Company's framework is designed to enable the Board to provide strategic guidance for the Company and effective oversight of management, clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and management accountability to both the Company and the shareholders and ensure a balance of authority so that no single individual has unfettered powers. These responsibilities are defined in detail in the Board Charter.

(v) Integrity of Financial Reporting

Through the Audit Committee the Company has put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position.

It is also a policy of the Company that the Managing Director and Chief Financial Officer state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial conditions and operational results and are in accordance with relevant accounting standards.



Corporate Governance Statement

For The Year Ended 30 June 2003

(vi) The Board and Management

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

(vii) Encouraging Enhanced Performance

The Board reviews the performance of key executives against measurable and qualitative indicators to ensure that the full potential of the Company 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 the Company and 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.

(viii) Board Committees Generally

The Board has created the following committees:

- > Audit Committee
- > Remuneration Committee
- > Corporate Governance Committee
- > Nomination Committee

It is the Board's policy that committees of the Board (dealing with corporate governance matters) should:

- > be chaired by a non-executive director;
- > have sufficient non-executive directors so that the committees are sufficiently independent of management;
- > be entitled to obtain independent professional or other advice at reasonable cost to the Company;
- > be entitled to obtain such resources and information from the Company, including direct access to employees of and advisors to the Company, as they may require; and
- > operate in accordance with terms of reference established by the Board.

(ix) Audit Committee

At the date of this report the members of the MaxiTRANS Industries Limited Audit Committee are Messrs. I.R. Davis (Chairman), J.R. Curtis and G.F. Lord comprising all the non-executive directors of the Board.

The Charter adopted by the Audit Committee in 1994 clearly sets out the committee's role and responsibilities, composition, structure and membership requirements. The Audit Committee has the right to access management and seek independent professional advice in accordance with the Board Charter.

The principal functions of the Audit Committee include reviewing and making recommendations to the Board of Directors regarding:

- > its responsibilities in respect of the preparation of the Company's financial statements and the Company's internal controls;
- > nominees for external auditors. The existing external auditor, KPMG, was appointed on 22 November 2000;
- > the performance and independence of the external auditor. The lead external audit engagement partner is being rotated off no later than 30 June 2007;



For The Year Ended 30 June 2003

- > providing a line of communication between the Board and the external auditor; and
- > the external auditor's evaluation of internal controls and management's response.

The external auditor met with the Audit Committee twice during the year without management being present. The Audit Committee intends for the 2004 financial reporting period to have the auditor meet at least twice with the Audit Committee without management being present.

(x) Remuneration Policy

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

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

The Company has a clear distinction between non-executive director remuneration and executive director remuneration. Non-executive directors receive a fixed fee, no termination benefits, and no bonuses. Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, bonus and options entitlements.

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

To assist in the formation of effective remuneration policies, the Company has established a Remuneration Committee.

(xi) Remuneration Committee

At the date of this report the members of the MaxiTRANS Industries Limited Remuneration Committee are Messrs. I.R. Davis (Chairman), M.A. Brockhoff (Managing Director), J.R. Curtis and G.F. Lord.

The committee's responsibilities are to review and make recommendations to the Board of Directors 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.

(xii) Corporate Governance Committee

At the date of this report the members of the MaxiTRANS Industries Limited Corporate Governance Committee are Messrs. I.R. Davis (Chairman), J.R. Curtis and G. F. Lord.

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

- > assisting the Board in the annual review of the Corporate Governance Protocol including the Code of Ethics and Continuous Disclosure Protocol; and
- > reviewing and recommending to the Board appropriate performance benchmarks.

(xiii) Nomination Committee

On 27 June 2003 the Board formally constituted a Nomination Committee with members at the date of this report being Messrs I. R. Davis (Chairman), J.R. Curtis and G. F. Lord.

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



Corporate Governance Statement

For The Year Ended 30 June 2003

- > assessment of the necessary and desirable competencies of Board members; and
- > review of Board succession plans; and
- > recommendations for the appointment and removal of directors

(xiv) Adoption of a Continuous Disclosure Protocol

The Company 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.

(xv) Effective Communications

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 Company's website, and also sends information to shareholders by e-mail. The website contains important information on the Company which is of use to shareholders in obtaining a greater understanding of the Company.

Notice of meetings is 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.

(xvi) Identification and Management of Significant Business Risk

The directors and senior management have identified the significant areas of potential business and legal risk for the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company are highlighted to the directors on an ongoing basis.

The directors review and approve the parameters under which such risks will be managed.

(xvii) Recognising the Rights of Stakeholders

The Company has a number of legal and other obligations to non-shareholder stakeholders such as employees, clients, customers and the community as a whole. The Company is committed to developing mutually beneficial relationships with non-shareholder stakeholders and this is reflected in the Company's Code of Conduct setting out the Company's commitment and responsibilities to:

- > Shareholders
- > Clients, customers and consumers
- > Employment practices
- > Fair trading and dealing
- > The general community
- > Confidentiality and conflicts of interest
- > Compliance with legislation

(xviii) Annual Review

It is the Board's policy that the Board of Directors should at least annually:

- > review the performance of the Board and the Company, and management;
- > review the allocation of the work of the Company between the Board and management; and
- > review the criteria for success and the assessment of the performance of the Company.



For The Year Ended 30 June 2003

(xix) Equity Participation by Directors

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

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

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

With suitable clearance from the Chairman, the most appropriate period to deal in the Company's securities is in the four week period following the announcement of the full-year or half-year results.

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

(xx) Ethical Standards

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

The Company intends to maintain a reputation for integrity. The Board has adopted a Code of Ethics which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

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 to be reviewed each year.

(xxi) Availability of Protocols to Shareholders

Copies of the Corporate Governance Protocol, Board Charter, Continuous Disclosure Protocol, the Code of Conduct, Code of Ethics and Code of Practice relating to equity participation are available to shareholders on request.

Your directors submit the financial report of MaxiTRANS Industries Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2003 and the auditor's report thereon.



Report of the Directors

For The Year Ended 30 June 2003

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)

Principal Activities

The principal continuing activities of the consolidated entity constituted by MaxiTRANS Industries Limited and the entities it controlled during the year consisted of the design, manufacture, sale, service and rental of transport equipment and related spare parts.

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

Consolidated Results

The operating profit of the consolidated entity for the year ended 30 June 2003 after income tax expense amounted to \$5,004,000 (2002: \$2,587,000).

Dividends

Dividends paid or declared for payment are as follows:

Ordinary shares

A fully franked final dividend of 1.00 cent per share was paid on 18 October 2002, as proposed in last year's financial report	\$1,306,449
A fully franked interim dividend of 1.00 cent per share was paid on 17 April 2003	\$1,319,136
A fully franked final dividend of 1.50 cents per share will be paid on 17th October 2003	\$2,199,791

Converting preference shares

A fully franked final dividend of 1.80 cents per share was paid on 30 September 2002, as declared in last year's financial report	\$270,000
A fully franked interim dividend of 1.80 cents per share was paid on 31 March 2003.	\$135,846

Dividends paid during the year, not previously provided for, have been dealt with in the financial report as:

Dividends	\$2,625,585
Interest expense	\$270,846



For The Year Ended 30 June 2003

State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

On 7 January 2003 the Company made an on market buyback of 7,453,000 converting preference shares ("CPS") for consideration of \$3,130,000. On 31 March 2003 the remaining 7,547,000 CPS were converted to ordinary shares in accordance with the terms of issue of the CPS resulting in the issue of 11,148,331 ordinary shares.

Acquisitions

During the year the Company acquired a retail parts outlet in the regional Victorian town of Traralgon, and took a minority interest in Fuwa K Hitch (Australia) Pty Ltd, a leading designer and supplier of heavy-duty transport components. These acquisitions were in line with the Company's strategy to rapidly expand the retail and wholesale parts group, which is counter-cyclical to the trailer/van segment.

Other than for the matters noted above, there were no significant changes in the state of affairs of the parent entity or its subsidiary companies, 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 consolidated entity for the year ended 30 June 2003. 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.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the group, in subsequent financial years other than the acquisition of Lusty EMS Pty Ltd, a manufacturer of aluminium semi-tippers, on 3 July 2003. The consideration paid was \$5 million in cash and \$1 million ordinary shares of the Company.

Environmental Regulation

The consolidated entity'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 consolidated entity has a policy of complying with its environmental performance obligations. No breach of any environmental regulation or law has been notified to the consolidated entity during or since the year ended 30 June 2003.

Future Developments

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

Further information as to the likely developments in the operations of the consolidated entity 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 consolidated entity.



Report of the Directors

For The Year Ended 30 June 2003

Information on Directors

Ian R. Davis	Chairman, Non-Executive, Age 58
Qualifications & Experience:	<p>Law degree with honours from University of Melbourne.</p> <p>Appointed Chairman 1994.</p> <p>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 practises. He is also a Director of Circadian Technologies Limited, Director of International Diabetes Institute and Chairman of Retail Grocery Industry Code Administration Committee.</p>
Special Responsibilities:	Chairman of Corporate Governance Committee, Audit Committee, Nomination Committee and Remuneration Committee.
Interest in Shares:	988,901 ordinary shares beneficially held.
Interest in Options:	Nil
James R. Curtis	Deputy Chairman, Non-Executive, Age 68
Qualifications & Experience:	<p>Appointed Deputy Chairman in 1994. One of the founders of the group.</p> <p>Fifty years experience in the transport equipment industry.</p>
Special Responsibilities:	Member of Corporate Governance Committee, Audit Committee, Nomination Committee and Remuneration Committee.
Interest in Shares:	20,897,941 ordinary shares beneficially held.
Interest in Options:	Nil
Michael A. Brockhoff	Managing Director, Executive, Age 50
Qualifications & Experience:	<p>Appointed Managing Director in June 2000.</p> <p>Twenty five years experience in the road transport industry.</p>
Special Responsibilities:	Member of Remuneration Committee.
Interest in Shares:	1,000,000 ordinary shares beneficially held.
Interest in Options:	3,000,000 in respect of ordinary shares.
Geoffrey F. Lord	Non-Executive Director, Age 58
Qualifications & Experience:	<p>B. Eco (Honours), M.B.A. (Distinction), ASSA, Australian Institute of Company Directors. Appointed Director in October 2000.</p> <p>Chairman and Chief Executive Officer of Belgravia Group, Chairman UXC Limited, Terrain Australia Limited, Australian Litigation Fund and Terrain Capital Limited, Director of the following companies: Triako Resources Limited, Ausmelt Limited, Auto Group Limited, Institute of Drug Technology Limited and Adelhill Limited.</p>
Special Responsibilities:	Member of Corporate Governance Committee, Audit Committee, Nomination Committee and Remuneration Committee.
Interest in Shares:	4,354,736 ordinary shares beneficially held.
Interest in Options:	Nil



For The Year Ended 30 June 2003

Directors' & Executives' Emoluments

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

The remuneration committee, consisting of three non-executive directors and the Managing Director, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related incentives and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

Remuneration and other terms of employment for the Managing Director and certain other senior executives are formalised in service agreements. Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. Non-executive directors are not entitled to any performance related remuneration.

Details of the nature and amount of each element of the emoluments of each director of MaxiTRANS Industries Limited and the five most highly remunerated officers for the year ended 30 June 2003 are as follows:

	Salary \$	Directors Fees \$	Super. \$	Non-Cash Benefits \$	Bonus \$	Other \$	Options Granted \$	Total \$
Directors								
Mr I.R. Davis	-	50,000	4,500	-	-	-	-	54,500
Mr J.R. Curtis	12,000	30,000	18,000	-	-	-	-	60,000
Mr M.A. Brockhoff	365,000	-	44,550	4,384	-	40,000	34,538	488,472
Mr G.F. Lord	-	30,000	2,700	-	-	-	-	32,700

Options granted on 15th December 2000 to Mr Brockhoff have been valued at the date of grant using a binomial valuation model taking into account relevant market parameters. The ability to exercise the options is conditional on the achievement of certain future share price performance hurdles as detailed under "Share Options", which have not been factored into the options valuation. The total fair value of these options calculated at grant date was disclosed in the Report of Directors for the year ended 30 June 2001. The amount disclosed as remuneration for the financial year ended 30 June 2003 has been calculated by taking into account the fair value at grant date and a staggered 3.5 year vesting period determined by the earliest exercise dates as set out in Note 24 to the financial statements.



Report of the Directors

For The Year Ended 30 June 2003

	Salary \$	Directors Fees \$	Super. \$	Non-Cash Benefits \$	Bonus \$	Other \$	Options Granted \$	Total \$
Executive Officers, Company & Consolidated (excluding Directors)								
Mr J. Nolan	173,056	-	22,886	3,667	35,000	-	2,937	240,658
Mr A. Wibberley	150,900	-	14,661	-	12,000	-	-	182,376
Mr E. Tocchet	106,000	-	12,851	-	24,554	20,738	-	166,710
Mr D. May	126,167	-	12,780	-	-	15,833	-	154,780
Mr K. Manfield	125,856	-	12,047	1,186	8,000	-	-	152,308

Executive officers are officers who are involved in, concerned in, or who take part in, the management of the affairs of MaxiTRANS Industries Limited and/or entities under its control.

Options granted on 15th December 2000 to Mr Nolan have been valued at the date of grant using a binomial valuation model taking into account relevant market parameters. The total fair value of these options calculated at grant date was disclosed in the Report of Directors for the year ended 30 June 2001. The amount disclosed as remuneration for the financial year ended 30 June 2003 has been calculated by taking into account the fair value at grant date and a staggered 2.5 year vesting period determined by the earliest exercise dates as set out in Note 24 to the financial statements.

Meetings of Directors

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

	Directors' Meetings (i)		Audit Committee		Remuneration Committee		Corporate Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian R. Davis	15	15	2	2	1	1	2	2
James R. Curtis	15	14	2	2	1	1	2	2
Michael A. Brockhoff	15	15	-	-	1	1	-	-
Geoffrey F. Lord	15	15	2	2	1	1	2	2

(1) Directors' meetings include three circular resolutions.

(2) The Nomination Committee was constituted on 27 June 2003 and did not meet during the year.

Audit Committee

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



For The Year Ended 30 June 2003

Indemnity

With the exception of the matters noted below the Company has not, during or since 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 Company has entered into a contract of insurance in relation to the indemnity of the Company's directors and officers for a premium of \$31,108. The insurance premium relates to claims for damages, judgements, settlements or costs in respect of wrongful acts committed by directors or officers in their capacity as directors or officers but excluding wilful, dishonest, fraudulent, criminal or malicious acts or omissions by any director or officer. The directors indemnified are those existing at the date of this report. The officers indemnified include each full time executive officer and secretary.

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

On 20 March 2003 the Company 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 by the Company over unissued ordinary shares during or since the year ended 30 June 2003 to directors or any of the five most highly remunerated officers as part of their remuneration.

Shares Under Option

As at the date of this report there are 3,600,000 unissued ordinary shares for which options are outstanding under the Directors and Employees Options Plan. No option holder has any right in respect of these options to participate in any other share issue made by the consolidated entity.

Shares Issued on the Exercise of Options

No ordinary shares of MaxiTRANS Industries Limited were issued during or since the year ended 30 June 2003 pursuant to the exercise of options granted under the Directors and Employees Options Plan.

Further details on share options are detailed in Note 24 to the financial statements.

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 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 R. Davis, Director

Mr. Michael A. Brockhoff, Director

Dated this 25th day of August 2003



Directors' Declaration

For The Year Ended 30 June 2003

The Directors of MaxiTRANS Industries Limited declare that:

- (1) the financial statements and notes, as set out on pages 22 to 60 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 30 June 2003 and performance for the year ended on that date, as represented by the results of the operations and the cash flows of the Company and consolidated entity;
- (2) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (3) there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 26 to the financial statements 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 subsidiaries pursuant to ASIC Class Order 98/1418.

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

Ian Russell Davis, Director

Michael Alan Brockhoff, Director

Dated this 25th day of August 2003

Statements of Financial Performance



For The Year Ended 30 June 2003

	Note	Consolidated 2003 \$'000	2002 \$'000	The Company 2003 \$'000	2002 \$'000
Revenue from the sales of goods	3	110,773	80,233	-	-
Revenue from the rendering of services	3	6,451	6,311	1,952	2,273
Other revenues from ordinary activities	3	1,069	3,211	3,004	3,905
Total revenue		118,293	89,755	4,956	6,178
Changes in inventories of finished goods and work in progress		(684)	1,962	-	-
Raw materials and consumables used		(68,832)	(54,784)	-	-
Employee expenses		(27,413)	(22,445)	(934)	(1,095)
Depreciation and amortisation expenses	4	(3,869)	(3,467)	(31)	(71)
Borrowing costs	4	(1,235)	(711)	(273)	(3)
Other expenses from ordinary activities		(9,900)	(7,445)	(681)	(560)
Share of net profits of associates and joint ventures accounted for using the equity method	27	693	544	-	-
Profit from ordinary activities before related income tax expense		7,053	3,409	3,037	4,449
Income tax (expense) / benefit relating to ordinary activities	7(a)	(2,049)	(822)	(111)	(185)
Net profit attributable to members of the parent entity	19	5,004	2,587	2,926	4,264
Non-owner transaction changes in equity					
Net exchange difference on translation of financial statements of self-sustaining foreign operations	18	(302)	(174)	-	-
Total changes in equity from non-owner related transactions attributable to members of the parent entity		4,702	2,413	2,926	4,264
Basic earnings per share (cents per share)	6	3.72¢	1.58¢		
Diluted earnings per share (cents per share)	6	3.52¢	1.37¢		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 25 to 60.



Statements of Financial Position

For The Year Ended 30 June 2003

	Note	Consolidated 2003 \$'000	2002 \$'000	The Company 2003 \$'000	2002 \$'000
Current Assets					
Cash assets	28(b)	7	586	-	-
Receivables	8	13,367	8,128	28,987	30,313
Inventories	9	12,626	11,559	-	-
Other	10	123	83	2	1
Total Current Assets		26,123	20,356	28,989	30,314
Non-Current Assets					
Investments accounted for using the equity method	11(a)	3,861	2,753	-	-
Other financial assets	11(b)	6	6	12,574	11,481
Property plant & equipment	12	25,722	20,582	72	58
Intangible assets	13	26,704	28,263	11	11
Deferred tax assets	7(b)	1,095	862	1,065	3
Other	10	384	240	196	-
Total Non-Current Assets		57,772	52,706	13,918	11,553
Total Assets		83,895	73,062	42,907	41,867
Current Liabilities					
Accounts payable	14	16,234	12,470	42	50
Interest bearing liabilities	15	2,261	146	20	74
Current tax liabilities	7(c)	1,617	-	1,617	-
Provisions	16	2,623	1,855	-	135
Total Current Liabilities		22,735	14,471	1,679	259
Non-Current Liabilities					
Interest bearing liabilities	15	13,470	10,339	-	-
Deferred tax liabilities	7(d)	1,912	1,533	1,912	4
Provisions	16	378	807	-	-
Total Non-Current Liabilities		15,760	12,679	1,912	4
Total Liabilities		38,495	27,150	3,591	263
Net Assets		45,400	45,912	39,316	41,604
Equity					
Contributed equity	17	34,919	37,359	34,919	37,359
Reserves	18	7,389	7,840	276	425
Retained profits	19	3,092	713	4,121	3,820
Total Equity		45,400	45,912	39,316	41,604

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 25 to 60.

Statements of Cash Flows



For The Year Ended 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities					
Receipts from customers		123,620	101,007	1,955	2,265
Payments to suppliers & employees		(114,958)	(92,674)	(1,408)	(1,814)
Dividends received		-	-	3,000	3,876
Interest received		6	41	4	8
Interest & other costs of finance paid		(1,235)	(711)	(273)	(3)
Income tax paid		(274)	-	(274)	-
Net Cash Provided by (Used in) Operating Activities	28 (a)	7,159	7,663	3,004	4,332
Cash Flows from Investing Activities					
Payments for property, plant & equipment		(2,849)	(7,404)	(45)	(28)
Loans repaid by other entities		377	163	-	-
Payments for investments		(1,093)	-	(1,093)	-
Proceeds from sale of property, plant & equipment		921	3,170	-	21
Net Cash Provided by (Used in) Investing Activities		(2,644)	(4,071)	(1,138)	(7)
Cash Flows from Financing Activities					
Proceeds from borrowings		587	-	-	-
Converting preference share buy back		(3,130)	-	(3,130)	-
Repayment of borrowings		(331)	(2,483)	3,514	(3,360)
Dividends paid		(2,220)	(2,074)	(2,220)	(2,074)
Net Cash Provided by (Used in) Financing Activities		(5,094)	(4,557)	(1,836)	(5,434)
Net increase (decrease) in cash		(579)	(965)	30	(1,109)
Cash at beginning of year		586	1,551	(50)	1,059
Cash at End of Year	28 (b)	7	586	(20)	(50)

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 25 to 60.



Notes to the Financial Statements

For The Year Ended 30 June 2003

1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. 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 by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in Note 2, are consistent with those of the previous year.

The following is a summary of the material accounting policies adopted by the consolidated entity 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 controlled entities. A controlled entity is any entity controlled by MaxiTRANS Industries Limited or any of its subsidiaries. Control exists where MaxiTRANS Industries Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with MaxiTRANS Industries Limited to achieve the objectives of MaxiTRANS Industries Limited. A list of controlled entities is contained in Note 26 to the financial statements.

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

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future. Investments in associate companies are recognised in the Company's financial statements at the lower of cost or recoverable amount (refer Note 1(j)).

(b) 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.

(c) Non-current assets

Acquisitions of assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.



For The Year Ended 30 June 2003

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Current valuations for land and buildings valued on the cost basis are carried out at least once every three years.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

Depreciation and amortisation

(i) Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

(ii) Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method or diminishing value method where appropriate, over their estimated useful lives, with the exception of finance lease assets which are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(iii) Rates of depreciation and amortisation

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.



Notes to the Financial Statements

For The Year Ended 30 June 2003

	2003	2002
Property Plant and Equipment		
Buildings	2.5-4.0%	2.5-4.0%
Leasehold improvements	20.0%	20.0%
Plant and equipment	10.0-33.3%	10.0-33.3%
Leased plant and equipment	10.0-22.5%	14.0-22.5%
Intangibles		
Goodwill	5.0%	5.0%
Brand names	1.0%	1.0%
Intellectual property	2.0-10.0%	2.0-10.0%
Patents and trademarks	20.0-33.3%	20.0-33.3%

(d) Income tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in Note 26. The implementation date for the tax-consolidated group is 1 July 2002.

The head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group (after elimination of intragroup transactions).

The tax-consolidated group has entered into a tax sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for tax liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation. The contributions are calculated as a percentage of the group's current tax liability. The contributions are payable annually.

The assets and liabilities arising under the tax sharing agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.



For The Year Ended 30 June 2003

(e) Employee entitlements

Provision is made for the consolidated entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at amounts that are expected to be paid including related on-costs. The long service leave entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

Employee Share and Option Plan

MaxiTRANS Industries Limited grants options from time to time to certain employees under the Directors and Employees Option Plan. Further information is set out in Note 24 to the financial statements. Other than the costs incurred in administering the scheme which are expensed as incurred, the scheme has not resulted in any expense to the consolidated entity in the current period. Shares or options issued are recorded in contributed equity at the fair value of consideration received, if any.

(f) Intangibles

(i) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight-line basis over 20 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(ii) Patents, trademarks and brand names

Patents, trademarks and brand names are valued in the financial statements at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

(iii) Intellectual property

Intellectual property is brought to account at cost and is amortised over the period in which their benefits are expected to be realised.

(g) Research and development expenditure

Research and development costs are charged to operating profit before income tax expense as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

(h) Provision for warranties

Provision is made in respect of the consolidated entity's estimated liability on all products and services under warranty at balance date. This provision is based on the consolidated entity's history of warranty claims and expected future warranty costs.



Notes to the Financial Statements

For The Year Ended 30 June 2003

(i) Cash

For the purpose of the Statements of Cash Flows, cash includes:

- > cash on hand and at call with banks or financial institutions, net of bank overdrafts; and
- > investments in money market instruments with less than 14 days to maturity.

(j) Investments

Non-current investments are brought to account at cost and are carried at the lower of cost and recoverable amount.

Investments in associate companies are recognised in the Company's financial statements at the lower of cost and recoverable amount. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

(k) Lease assets

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight-line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Contingent rentals are expensed as incurred.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(l) Foreign currency

Transactions and balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statements of financial performance in the financial year in which the exchange rates change.

Translation of controlled foreign entities

The financial statements of overseas controlled entities that are integrated foreign operations are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

The assets and liabilities of foreign operations accounted for as associates that are self-sustaining are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve (refer Note 18).



For The Year Ended 30 June 2003

(m) 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 (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS 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.

(n) 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.

(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) Revenue from the sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(iv) Interest and dividend revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established.

(o) 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 statements 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.

(p) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, including trade creditors and lease finance charges.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed



Notes to the Financial Statements

For The Year Ended 30 June 2003

specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(q) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(r) Converting financial instruments

For information relating to converting preference shares refer Note 17.

2. Changes in Accounting Policies

Employee benefits

The consolidated entity has applied the revised AASB 1028 "Employee Benefits" and the wages and salaries, annual leave and sick pay liability is now calculated using the remuneration rates current at reporting date. This adjustment did not have a material impact, and as a consequence, no adjustment has been made to opening retained earnings as allowed by AASB 1028 "Employee Benefits".

3. Revenue from Ordinary Activities

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Sale of goods	110,773	80,233	-	-
Rendering of services	6,451	6,311	1,952	2,273
	117,224	86,544	1,952	2,273
Other revenues:				
From operating activities				
- dividends received from wholly-owned controlled entities	-	-	3,000	3,876
- interest revenue from other parties	6	41	4	8
- other	142	185	-	-
From outside operating activities				
- proceeds on disposal of property, plant and equipment	921	1,253	-	21
- proceeds on sale of Coonara heater business	-	1,732	-	-
Total other revenues	1,069	3,211	3,004	3,905
Total revenue from ordinary activities	118,293	89,755	4,956	6,178



For The Year Ended 30 June 2003

4. Profit from Ordinary Activities

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Profit from ordinary activities before related income tax expense has been determined after charging/(crediting) the following items:				
Cost of goods sold	94,114	67,608	-	-
Borrowing costs:				
- interest – bank loans and overdraft	791	683	-	-
- converting preference share dividends classified as interest expense	271	-	271	-
- finance lease charges	173	28	2	3
Total borrowing costs	1,235	711	273	3
Depreciation:				
- property	288	235	-	-
- plant and equipment	1,651	1,452	24	62
Total depreciation	1,939	1,687	24	62
Amortisation of non-current assets:				
- research and development expenditure	-	134	-	-
- goodwill	374	374	-	-
- intellectual property	1,109	1,109	-	-
- brand names	69	69	-	-
- patents and trademarks	7	7	-	-
- capitalised leased assets	371	87	7	9
Total amortisation	1,930	1,780	7	9
Net expenses from movements in provision for:				
- employee entitlements	275	131	-	-
- warranty	157	87	-	-
- other	113	-	-	-
Net expense resulting from movements in provisions	545	218	-	-
Net bad and doubtful debts expense including movements in provision for doubtful debts	42	12	-	-
Rental expense on operating leases	1,370	1,538	-	-
Research and development expenditure written off as incurred	306	179	-	-
Crediting as income:				
Net (gain)/loss on disposal of property plant and equipment	(334)	(936)	-	22



Notes to the Financial Statements

For The Year Ended 30 June 2003

5. Individually Significant Items of Revenue and Expense

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Process improvement programs	(991)	-	-	-
Converting preference share dividends classified as interest expense	(271)	-	-	-
Other	(125)	-	-	-
Revenue from sale of Coonara heater business	-	1,732	-	-
Costs and net book value of assets associated with the Coonara heater business	-	(1,112)	-	-
Net revenue/(expense) from individually significant items	(1,387)	620	-	-
Income tax expense applicable	335	(186)	-	-
	(1,052)	434	-	-

6. Earnings per Share

Classification of securities as potential shares

The following securities have been classified as potential ordinary shares and included in diluted earnings per share only:

- (i) converting preference shares; and
- (ii) options outstanding under the Directors and Employees Options Plan.

Further details of these securities are contained in notes 17(b) and 24.

On 7 January 2003 the Company made an on market buyback of 7,453,000 converting preference shares ("CPS") for consideration of \$3,130,000. On 31 March 2003 the remaining 7,547,000 CPS were converted to ordinary shares in accordance with the terms of issue of the CPS. The CPS are included in diluted earnings per share for the relevant periods only.

	Consolidated	
	2003	2002
	\$'000	\$'000
Earnings reconciliation		
Net profit before preference share dividend (interest)	5,275	2,587
Preference share dividends (interest) not previously provided for, paid during the year	(271)	(540)
Basic earnings	5,004	2,047
Preference share dividends (interest) not previously provided for, paid during the year	271	540
Diluted earnings	5,275	2,587
Weighted average number of shares	Number	
Number for basic earnings per share - ordinary shares	134,499,669	129,473,910
Effect of executive share options	1,251,750	-
Effect of converting preference shares	14,160,550	60,000,000
Number for diluted earnings per share	149,911,969	189,473,910



For The Year Ended 30 June 2003

6. Earnings per Share (continued)

At 30 June 2002 no executive share options were dilutive and therefore none were included in the calculation of diluted EPS at that date.

At 30 June 2003 all executive share options were dilutive and therefore were included in the calculation of diluted EPS at that date.

Full details of options are set out in Note 24.

7. Taxation

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
(a) Income tax				
The prima facie tax payable on operating profit differs from the income tax expense in the financial statements and is reconciled as follows:				
Prima facie tax payable on operating profit at 30% (2002: 30%)	2,116	1,023	911	1,335
Add/(deduct) tax effect of:				
Non deductible depreciation and amortisation	188	245	-	-
Research & development	(229)	(149)	-	-
Unrecognised tax losses recouped on foreign income	(121)	(85)	-	-
Income tax expense related to current and deferred tax transactions of the wholly-owned subsidiaries in the tax consolidated group	-	-	2,408	-
Recovery of income tax expense under a tax sharing agreement	-	-	(3,308)	-
Interest on converting preference shares	81	-	81	-
Sundry items	21	(80)	11	8
Prior year adjustments	(7)	(132)	8	5
Rebatable fully franked dividends	-	-	-	(1,163)
	(67)	(201)	(800)	(1,150)
Income tax expense	2,049	822	111	185
Income tax expense attributable to operating profit is made up of:				
- current income tax provision	1,908	-	103	182
- deferred income tax provision	356	353	-	(2)
- future income tax benefit	(208)	601	-	(1)
- prior year adjustment	(7)	(132)	8	6
Income tax expense	2,049	822	111	185



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
(b) Deferred tax assets				
Future income tax benefits				
The future income tax benefit is made up of the following estimated tax benefits:				
- Provisions and accrued employee benefits not currently deductible	1,047	845	1,017	-
- Other	48	-	48	3
- tax losses	-	17	-	-
	1,095	862	1,065	3

Future income tax benefits not brought to account

The potential future income tax benefit in a controlled entity, which is a company, arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:

- timing differences	-	12	-	-
- tax losses	-	163	-	-
	-	175	-	-

The potential income tax benefit will only be obtained if:

- the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in legislation adversely affect the relevant company in realising the benefit.

(c) Current tax liabilities

Provision for current income tax

Movements during the year:

Balance at beginning of year	-	-	-	-
Income tax paid for operating activities of the current year	(274)	-	(274)	-
Current year's income tax expense on profit from ordinary activities	1,891	-	1,891	-
	1,617	-	1,617	-



For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
(d) Deferred tax liabilities				
Deferred income tax				
The deferred tax liability is made up of the following estimated tax expenses:				
- Difference in future lease rental income and depreciation for income tax and accounting purposes	1,006	871	1,006	-
- Difference in amortisation of intangibles for income tax and accounting purposes	828	528	828	-
- Other	78	134	78	4
	1,912	1,533	1,912	4

The Company has elected to be the head entity in a tax-consolidated group comprising the Company and all of its Australian wholly-owned subsidiaries, from the implementation date of 1 July 2002. The financial effects of this change results in the recognition of tax balances of the group by the Company. In accordance with tax sharing agreements with each of the respective subsidiaries, each subsidiary recognises its related tax effects with corresponding inter-company receivable by the Company as proposed by AASB 1020 and UIG 52. The initial recognition of tax balances by the head entity did not result in any changes to carrying values of the consolidated entity.

8. Receivables

Trade debtors ⁽ⁱ⁾	13,309	8,093	-	-
Provision for doubtful debts	(55)	(14)	-	-
	13,254	8,079	-	-
Other debtors	113	49	-	-
Amounts receivable from:				
- controlled entities	-	-	28,987	30,313
Total receivables	13,367	8,128	28,987	30,313

⁽ⁱ⁾Selected trade debtors' invoices of a controlled entity are pledged as security for the "Invoice finance" facility (2002: Nil). As at 30 June 2003 \$3,243,000 was drawn under this facility.



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Note	Consolidated 2003 \$'000	2002 \$'000	The Company 2003 \$'000	2002 \$'000
9. Inventories					
Second-hand units – at cost		734	1,376	-	-
Finished goods – at cost		1,599	2,020	-	-
Work in progress – at cost		2,410	2,772	-	-
Raw materials – at cost		8,159	5,555	-	-
Less: provision for obsolescence		(276)	(164)	-	-
Total inventories		12,626	11,559	-	-
10. Other Assets					
Current					
Employee expense advances		9	8	2	1
Prepayments		114	75	-	-
		123	83	2	1
Non-current					
Loans to associate entities		384	240	196	-
11. Investments and Other Financial Assets					
Non-current					
(a) Investments accounted for using the equity method					
- associated entities	27	3,861	2,753	-	-
(b) Other financial assets					
- investments in controlled entities – at cost	26	-	-	9,979	9,979
- investments in associated entities – at cost	27	-	-	2,589	1,496
- other investments		6	6	6	6
Total other financial assets		6	6	12,574	11,481



For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
12. Property Plant & Equipment				
Land and Buildings				
Land at cost	2,657	1,414	-	-
Buildings at cost	12,343	9,099	-	-
Accumulated depreciation	(961)	(672)	-	-
	11,382	8,427	-	-
Capital works in progress	-	3,972	-	-
Total land and buildings	14,039	13,813	-	-
Plant and Equipment				
Plant & equipment at cost	12,057	9,883	-	-
Accumulated depreciation	(6,926)	(6,349)	-	-
	5,131	3,534	-	-
Office equipment at cost	2,866	3,472	180	91
Accumulated depreciation	(1,921)	(2,652)	(108)	(58)
	945	820	72	33
Leased plant & equipment	5,473	626	-	45
Accumulated depreciation	(422)	(154)	-	(20)
	5,051	472	-	25
Capital work in progress	556	1,943	-	-
Total plant and equipment	11,683	6,769	72	58
Total property plant and equipment	25,722	20,582	72	58

Independent valuations of land and buildings are undertaken every three years. Independent valuations were obtained as at 30 June 2003 in relation to all land and buildings held. The independent valuations obtained valued the land and buildings at \$15,911,000.

Refer to Note 29 for details of security over land and buildings.



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
12. Property Plant & Equipment (continued)				
Reconciliations				
Reconciliations of the carrying amounts for each class of property plant and equipment are set out below:				
Freehold land				
Carrying amount at the beginning of year	1,414	1,568	-	-
Disposals	-	(154)	-	-
Transfers from capital works in progress	1,131	-	-	-
Additions	112	-	-	-
Carrying amount at the end of year	2,657	1,414	-	-
Buildings				
Carrying amount at the beginning of year	8,427	8,851	-	-
Additions	403	9	-	-
Transfers from capital works in progress	2,840	-	-	-
Disposals	-	(198)	-	-
Depreciation	(288)	(235)	-	-
Carrying amount at the end of year	11,382	8,427	-	-
Plant and Equipment				
Carrying amount at the beginning of year	3,534	3,533	-	-
Additions	1,686	1,120	-	-
Transfers from capital works in progress	1,388	-	-	-
Transfers from leased plant and equipment	24	-	18	-
Transfers from inventory	200	322	-	-
Disposals	(572)	(529)	-	-
Depreciation	(1,129)	(912)	(2)	-
Carrying amount at the end of year	5,131	3,534	16	-
Office Equipment				
Carrying amount at the beginning of year	820	1,109	33	128
Additions	647	298	45	28
Disposals	-	(47)	-	(29)
Transfers	-	-	-	(32)
Depreciation	(522)	(540)	(24)	(62)
Carrying amount at the end of year	945	820	72	33
Leased Plant and Equipment				
Carrying amount at the beginning of year	472	269	25	34
Additions	4,989	352	-	-
Disposals	(15)	(62)	-	-
Transfers to plant and equipment	(24)	-	(18)	-
Amortisation	(371)	(87)	(7)	(9)
Carrying amount at the end of year	5,051	472	-	25



For The Year Ended 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
12. Property Plant & Equipment (continued)					
Capital Works in Progress					
Carrying amount at the beginning of year		5,915	290	-	-
Additions		-	5,625	-	-
Transfers to property, plant and equipment		(5,359)	-	-	-
Carrying amount at the end of year		556	5,915	-	-
13. Intangibles					
Goodwill at cost		7,475	7,475	-	-
Accumulated amortisation		(3,487)	(3,112)	-	-
		3,988	4,363	-	-
Brand names at cost		6,930	6,930	-	-
Accumulated amortisation		(207)	(138)	-	-
		6,723	6,792	-	-
Intellectual property at cost		21,438	21,438	-	-
Accumulated amortisation		(5,459)	(4,351)	-	-
		15,979	17,087	-	-
Patents and trademarks at cost		53	53	11	11
Accumulated amortisation		(39)	(32)	-	-
		14	21	11	11
Total Intangibles		26,704	28,263	11	11
14. Accounts Payable					
Trade creditors		13,885	10,873	37	41
Other creditors and accruals		2,349	1,600	5	9
Total accounts payable		16,234	12,470	42	50
15. Interest Bearing Liabilities					
Current					
Bank overdraft	29	1,608	-	20	50
Lease liability	30	653	146	-	24
Total current interest bearing liabilities		2,261	46	20	74
Non Current					
Bank loans – secured	29	8,980	10,000	-	-
Lease liability	30	4,490	339	-	-
Total non-current interest bearing liabilities		13,470	10,339	-	-



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
16. Provisions				
Current				
Employee entitlements	2,157	1,411	-	-
Warranty	466	309	-	-
Converting preference share dividend	-	135	-	135
Total current provisions	2,623	1,855	-	135
Non Current				
Employee entitlements	378	807	-	-
Aggregate employee entitlements liability	2,535	2,218	-	-
Reconciliations				
Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below;				
Warranty				
Carrying amount at beginning of year	309	222	-	-
Provisions made during the year	157	87	-	-
Carrying amount at end of year	466	309	-	-
Dividend				
Carrying amount at beginning of year	135	1,414	135	1,414
Adjustment on adoption of AASB 1044				
Provisions, contingent liabilities and contingent assets	-	(1,279)	-	(1,279)
Provisions made during the year:				
- Final ordinary dividend 2001	-	1,279	-	1,279
- Interim preference dividend 2002 ⁽ⁱ⁾	-	135	-	135
- Interim ordinary dividend 2002	-	650	-	650
- Final preference dividend 2002 ⁽ⁱ⁾	-	135	-	135
- Interim preference dividend 2003 ⁽ⁱ⁾	68	-	68	-
Payments made during the period	(203)	(2,199)	(203)	(2,199)
	-	135	-	135
⁽ⁱ⁾ Preference share dividends were provided for on a straight line basis over the period the benefits accrued to the holders of preference shares.				
Number of employees at year end	531	431	11	9



For The Year Ended 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
17. Contributed Equity					
143,993,893 (2002:130,644,937)					
fully paid ordinary shares	(a)	34,919	31,359	34,919	31,359
Nil (2002: 15,000,000) fully-paid					
converting preference shares	(b)	-	6,000	-	6,000
Total		34,919	37,359	34,919	37,359
(a) Ordinary Shares - paid up capital at the					
beginning of the financial year 130,644,937					
(2002: 127,934,535)		31,359	30,965	31,359	30,965
Shares issued during the year:					
- 1,995,316 on 19 October 2001		-	292	-	292
- 715,086 on 12 April 2002		-	102	-	102
- 1,268,690 on 18 October 2002		240	-	240	-
- 11,148,331 on 31 March 2003		3,020	-	3,020	-
- 931,935 on 17 April 2003		300	-	300	-
At end of financial year		34,919	31,359	34,919	31,359

The additions to contributed equity were made in accordance with the Company's dividend re-investment plan applicable to dividends paid on ordinary shares.

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

- > every shareholder may vote;
- > on a show of hands every shareholder has one vote;
- > on a poll every shareholder has:
 - (i) one vote for each fully paid share; and
 - (ii) for each partly paid share held by the shareholder, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on the share.

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



Notes to the Financial Statements

For The Year Ended 30 June 2003

	The Company	
	2003	2002
	\$'000	\$'000
(b) Converting preference shares ("CPS") – movements during the year		
- CPS at the beginning of the financial year (15,000,000)	6,000	6,000
- Reclassification to debt in accordance with AASB 1033	(5,530)	-
Equity portion of:		-
- buy back of 7,453,000 CPS	(234)	-
- conversion of 7,547,000 CPS into ordinary shares	(236)	-
At the end of the financial year	-	6,000

On 1 July 2002 CPS issued by MaxiTRANS in February 1998 and initially classified as equity were reclassified as follows:

\$5,530,000	debt - interest bearing liability
\$470,000	remained as equity
<u>\$6,000,000</u>	

This classification is a requirement of Australian Accounting Standard AASB 1033 "Presentation and Disclosure of Financial Instruments".

On 7 January 2003 the Company made an on market buyback of 7,453,000 CPS for consideration of \$3,130,000. On 31 March 2003 the remaining 7,547,000 CPS were converted to ordinary shares in accordance with the terms of issue of the CPS resulting in the issue of 11,148,331 ordinary shares.

The rate of conversion of the CPS into ordinary shares was based on the market value of the ordinary shares at the time of conversion. As a result, \$3,020,000 (\$2,784,000 from debt and \$236,000 from CPS – equity) was transferred into ordinary contributed equity on that date.



For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
18. Reserves				
Capital redemption	276	425	276	425
Foreign currency translation	113	415	-	-
Asset revaluation	7,000	7,000	-	-
Total	7,389	7,840	276	425
Capital redemption – movements during the year:				
Balance at beginning of year	425	425	425	425
Premium on buyback of converting preference shares	(149)	-	(149)	-
Balance at end of year	276	425	276	425
Foreign currency translation reserve – movements during the year				
Balance at beginning of year	415	589	-	-
Net exchange difference on translation of foreign associate	(302)	(174)	-	-
Balance at end of year	113	415	-	-

Nature and purpose of reserves

Capital redemption reserve

The capital redemption reserve includes amounts transferred from profits to be available for the redemption of preference shares.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the equity accounting of foreign associates, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation.

Asset revaluation reserve

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041.



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
19. Retained Profits					
Retained profits at beginning of year		713	(684)	3,820	746
Effect of initial adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		-	1,279	-	1,279
Net profit attributable to members of the parent entity		5,004	2,587	2,926	4,264
Dividends	20	(2,625)	(2,469)	(2,625)	(2,469)
Retained profits at end of year		3,092	713	4,121	3,820

20. Dividends

Dividends proposed or paid are:

	Cents per share	Total amount \$'000	Date of payment	Tax rate for franking credit	Percent franked
2003					
Final – ordinary	1.5	2,200	17 October 2003	30% (Class C)	100%
Interim - ordinary	1.0	1,319	17 April 2003	30% (Class C)	100%
Final – preference	1.8	270	30 September 2002	30% (Class C)	100%
Interim – preference	1.8	136	31 March 2003	30% (Class C)	100%
Total franked amount		3,925			
2002					
Final – ordinary	1.0	1,306	18 October 2002	30% (Class C)	100%
Interim - ordinary	0.5	650	12 April 2002	30% (Class C)	100%
Final – preference	1.8	270	30 September 2001	30% (Class C)	100%
Interim – preference	1.8	270	29 March 2002	30% (Class C)	100%
Total franked amount		2,496			



For The Year Ended 30 June 2003

Dividend re-investment plan

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

The additional shares will be issued at a discount of 5% (or such other lesser discount as determined by the directors in their absolute discretion) to the average market price of ordinary shares of the last business day of each of the 4 weeks immediately prior to the record date.

The directors may, in their absolute discretion, vary the issue price of DRP shares, limit the amount of the dividend to which the DRP will apply, or suspend the plan.

Dividend franking account

	The Company	
	2003	2002
	\$'000	\$'000
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	2,144	3,356

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 the payment of dividends recognised as a liability at year-end and franking credits that will arise from the payment of the current tax liability.

(a) New business tax system (Imputation) Act 2002

From 1 July 2002 the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits. As a result the "franking credits available" were converted from \$3,604,000 to \$1,544,000 as at 1 July 2002.

This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

(b) Tax consolidation legislation

On 1 July 2002, MaxiTRANS Industries Limited and its wholly-owned subsidiaries adopted the Tax Consolidation legislation which requires a tax-consolidated group to keep a single franking account. The amount of franking credits available to shareholders disclosed at 30 June 2003 has been measured under the new legislation as those available from the tax-consolidated group.

The comparative information has not been restated for this change in measurement. Had the comparative information been calculated on the tax consolidation basis, and the basis outlined in (a) above, the "franking credits available" balance as at 30 June 2002 would have been \$1,544,000.

21. Segment Information

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.

For The Year Ended 30 June 2003

21. Segment Information (continued)

Year ended 30 June 2003

	Sales of New Trailer Units \$'000	Spare Parts & Service \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Revenue					
External segment revenue	95,654	15,140	6,430	-	117,224
Inter-segment revenue	-	2,746	80	(2,826)	-
Total segment revenue	95,654	17,886	6,510	(2,826)	117,224
Other unallocated revenue					1,069
Total revenue					118,293
Result					
Segment result	8,379	290	244	-	8,913
Share of net profit of equity accounted investments					693
Unallocated corporate expenses					(2,553)
Profit from ordinary activities before related income tax expense					7,053
Income tax expense					(2,049)
Net profit					5,004
Depreciation and amortisation	2,914	514	137	-	3,565
Unallocated depreciation and amortisation					304
Total depreciation and amortisation					3,869
Individually significant revenues/(expenses) included in profit from ordinary activities before income tax					
Process improvement programs	(991)	-	-	-	(991)
Interest on converting preference shares					(271)
Other	-	(125)	-	-	(125)
Assets					
Segment assets	55,372	9,968	1,922	-	67,262
Unallocated corporate assets					16,633
Consolidated total assets					83,895
Liabilities					
Segment liabilities	6,505	412	1	-	6,918
Unallocated corporate liabilities					31,577
Consolidated total liabilities					38,495
Acquisitions of non-current assets	3,595	1,742	416	-	5,753
Acquisitions of unallocated non-current assets					2,084
Consolidated total acquisitions of non-current assets					7,837

Notes to the Financial Statements



For The Year Ended 30 June 2003

Year ended 30 June 2002

	Sales of New Trailer Units \$'000	Spare Parts & Service \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Revenue					
External segment revenue	69,917	11,339	6,475	-	87,731
Inter-segment revenue		612	-	(612)	-
Total segment revenue	69,917	11,951	6,475	(612)	87,731
Other unallocated revenue					2,024
Total revenue					89,755
Result					
Segment result	3,174	1,126	335	-	4,635
Share of net profit of equity accounted investments					544
Unallocated corporate expenses					(1,770)
Profit from ordinary activities before related income tax expense					3,409
Income tax expense					(822)
Net profit					2,587
Depreciation and amortisation	2,725	108	187	-	3,020
Unallocated depreciation and amortisation					447
Total depreciation and amortisation					3,467
Individually significant revenues/(expenses) included in profit from ordinary activities before income tax					
Revenue from sale of Coonara heater business					1,732
Costs and net book value of assets associated with the Coonara heater business					(1,112)
Profit on sale of Coonara business before tax					620
Assets					
Segment assets	43,820	6,822	2,546	-	53,188
Unallocated corporate assets					19,874
Consolidated total assets					73,062
Liabilities					
Segment liabilities	2,815	494	273	-	3,582
Unallocated corporate liabilities					23,568
Consolidated total liabilities					27,150
Acquisitions of non-current assets	2,547	565	532	-	3,644
Acquisitions of unallocated non-current assets					3,760
Consolidated total acquisitions of non-current assets					7,404

Secondary reporting – Geographical segments

The consolidated entity's external revenues are predominantly derived from customers located within Australia. The consolidated entity's assets and acquisitions of non-current assets are predominantly located within Australia.



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
22. Remuneration of Directors				
Income paid or payable to all directors of the parent entity and each entity in the consolidated entity, by the entities of which they are directors and any related parties.	601,134	544,268	601,134	544,268
			2003	2002
			Number	Number
The number of directors of the Company whose income from the Company or related bodies corporate falls within the following bands:				
\$10,000 - \$19,999			-	3
\$30,000 - \$39,999			1	1
\$40,000 - \$49,999			-	1
\$50,000 - \$59,999			1	1
\$60,000 - \$69,999			1	-
\$370,000 - \$379,999			-	1
\$450,000 - \$459,999			1	-

The remuneration bands are not necessarily consistent with the emoluments disclosed in the Report of the Directors as the basis of calculation differs due to the differing requirements of the Corporations Act 2001 and Australian Accounting Standards.

	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
23. Executive Remuneration				
Remuneration received or due and receivable by executive officers of the consolidated entity, from entities in the consolidated entity and any related entities for management of the affairs of the consolidated entity, whose remuneration is \$100,000 or more.	2,236,000	1,704,000		
Remuneration received or due and receivable by executive officers of the parent entity, from the parent entity and any related parties for management of the affairs of the parent entity and its controlled entities, whose remuneration is \$100,000 or more.			1,414,000	1,222,000
The number of executives whose income from the Company or related bodies corporate falls within the following bands:				
\$110,000 - \$119,999	1	3	-	2
\$120,000 - \$129,999	4	3	2	-
\$130,000 - \$139,999	1	2	-	2
\$140,000 - \$149,999	1	-	1	-
\$150,000 - \$159,999	2	1	1	-
\$160,000 - \$169,999	1	1	-	1
\$180,000 - \$189,999	1	1	1	1
\$230,000 - \$239,999	1	-	1	-
\$370,000 - \$379,999	-	1	-	1
\$450,000 - \$459,999	1	-	1	-



For The Year Ended 30 June 2003

24. Employee Share and Options Plans

Summary of transactions

On 15 December 2000, options over 3,600,000 unissued ordinary Company shares were granted to Mr Michael Brockhoff and Mr John Nolan. The options were granted in accordance with the terms of the employment contracts of Messrs Brockhoff and Nolan. The market value of shares under these options as at 30 June 2003 was 38 cents per share (2002: 16 cents per share).

The options are exercisable as follows:

(i) Michael Brockhoff

The options below were issued to Mr. Michael Brockhoff in accordance with his employment contract as negotiated prior to commencing his duties of Managing Director with MaxiTRANS Industries Limited.

Category	No. of options	Hurdle price	Exercise price	Expiry date
Category A:	1,000,000	25 Cents	17 Cents	30 June 2005
Category B:	1,000,000	37 Cents	17 Cents	30 June 2005
Category C:	1,000,000	50 Cents	17 Cents	30 June 2005

Options in each category may only be exercised if the closing ASX share price of ordinary shares on 20 consecutive trading days is exceeded as above (the hurdle price) - subject to the performance condition being satisfied before 30 June 2004.

The quantity of options in each category exercisable on or before the following dates is as follows:

30 June 2001	Nil
30 June 2002	25%
30 June 2003	50%
30 June 2004	75%
30 June 2005	100%

There are 3,000,000 options yet to be exercised at balance date.

(ii) John Nolan

The options below were issued to Mr. John Nolan in accordance with his employment contract as negotiated prior to commencing his duties of Chief Financial Officer with MaxiTRANS Industries Limited.

Category	No of options	Exercise price	Expiry date
Category A:	200,000	20 Cents	30 June 2005
Category B:	200,000	23 Cents	30 June 2005
Category C:	200,000	26 Cents	30 June 2005

The quantity of options in each category exercisable on or before the following dates is as follows:

31 December 2000	Nil
31 December 2001	33%
31 December 2002	67%
31 December 2003	100%

There are 600,000 options yet to be exercised at balance date.



Notes to the Financial Statements

For The Year Ended 30 June 2003

25. Related Party Transactions

(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 26 to the financial statements.

Equity interests in associated entities:

Details of the percentage of ordinary shares held in associated entities are disclosed in Note 27 to the financial statements.

(b) Transactions relating to the wholly-owned group

Details of dividend and interest revenue derived by the Company from wholly-owned controlled entities are disclosed in Note 3 to the financial statements. Details of interest expense in respect of transactions with wholly-owned controlled entities are disclosed in Note 4 to the financial statements. Amounts receivable from wholly-owned controlled entities are disclosed in Note 8 to the financial statements. No interest is payable on these amounts.

Other transactions that occurred during the financial year between entities in the wholly owned group were the provision of manufactured material, rental of premises and management services. These transactions are in the normal course of business and on normal commercial terms and conditions.

(c) Directors

The names of each person holding the position of director of MaxiTRANS Industries Limited during the financial year are Messrs. I. R. Davis, J. R. Curtis, M.A. Brockhoff and G. F. Lord.

(d) Directors' holdings of shares and share options

Directors and director related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in shares in the consolidated entity:

	Consolidated		The Company	
	2003	2002	2003	2002
MaxiTRANS Industries Limited				
- ordinary shares	35,376,578	35,654,294	35,376,578	35,654,294
- options over ordinary shares	3,000,000	3,000,000	3,000,000	3,000,000

(e) Directors' transactions in shares and share options

Directors and their related entities acquired 647,284 existing ordinary shares, and disposed of 925,000 existing ordinary shares, in MaxiTRANS Industries Limited on terms and conditions no more favourable than those available to other shareholders acting on an arm's length basis.

No options were granted to directors and their related parties during the year. During the year none of the options granted to directors and their director-related entities were exercised.

(f) Directors remuneration and retirement benefits

Details of directors' remuneration and retirement benefits are disclosed in Note 22 to the financial statements.

(g) Transactions with director related entities

MaxiTRANS Industries Limited paid legal fees of \$217,243 (2002: \$249,312) to Minter Ellison of which Mr. I.R. Davis is a senior partner. All dealings were in the ordinary course of business and on normal commercial terms and conditions.

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

(h) Transactions with non-director related entities

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



For The Year Ended 30 June 2003

26. Investment in Controlled Entities

Name of Entity	Country of incorp.	Class of shares	Interest held	
			2003 %	2002 %
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
TraileRentals Pty Ltd	Aust.	Ord.	100	100
MaxiPARTS Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Services Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Finance Pty Ltd	Aust.	Ord.	100	-
Aranooc Pty Ltd (voluntarily liquidated)	Aust.	Ord.	-	100

Aranooc Pty Ltd was voluntarily liquidated on 28 August 2002.

27. Investments Accounted for Using the Equity Method

Investments in associates

Name of Entity	Principal Activity	Ownership Interest		Consolidated Carrying Amount		The Company Carrying Amount	
		2003 %	2002 %	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Freighter Maxi-Cube Queensland Trust	Trailer retailer	33.33	33.33	980	747	-	-
Yangzhou Maxi-Cube Tong Composites Co. Limited	Panel manufacturer	50.00	50.00	1,856	2,006	1,496	1,496
Fuwa K Hitch (Australia) Pty Ltd	Parts distributor	40.00	-	1,025	-	1,093	
				3,861	2,753	2,589	1,496
						Consolidated	
						2003	2002
						\$'000	\$'000

Movements in carrying amounts of investments in associates

Carrying amount of investments in associates at the beginning of the financial year	2,753	2,547
Additional investment in associates during the year	1,093	-
Profit distribution from associates	(376)	(164)
Share of associates' profit and loss	693	544
Share of decrement in foreign currency reserves	(302)	(174)
Carrying amount of investments in associates at end of year	3,861	2,753



Notes to the Financial Statements

For The Year Ended 30 June 2003

	Consolidated	
	2003	2002
	\$'000	\$'000
Results of associates		
Share of associates profit and loss from ordinary activities before income tax	692	565
Share of associates income tax expense relating to profit and loss from ordinary activities	27	-
Share of associates net profit – as disclosed by associates	719	565
Adjustments:		
Amortisation of goodwill arising from investment	(26)	(21)
Share of associates net profits using the equity method	693	544
Share of post acquisition retained profits and reserves attributable to associates		
Retained profits		
Retained profits attributable to associates at the beginning of the financial year	414	34
Share of associates net profits using the equity method	693	544
Profits distributed from associates	(376)	(164)
Share of associates retained profits at end of year	731	414
Reserves		
Foreign currency translation reserve		
Balance at the beginning of the financial year	415	589
Share of increment (decrement) in reserve during the financial year	(302)	(174)
Balance at the end of the financial year	113	415
Summary financial position of associates		
Assets	16,675	8,527
Liabilities	(11,346)	(4,697)
Net assets as reported by associates	5,329	3,830
Adjustments arising from equity accounting		
- Goodwill (net of amortisation)	(701)	(371)
- Other adjustments	(767)	(706)
Net assets – equity adjusted	3,861	2,547
Share of associates contingent liabilities		
Guaranteed bank facilities	-	315
Share of associates commitments		
Capital expenditure commitments contracted but not provided for and payable within 1 year	-	35
Share of associates operating lease commitments payable		
Within one year	110	109
One year or later and no later than five years	334	459
Later than five years	-	-
	444	568

Balance date

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



For The Year Ended 30 June 2003

28. Note to the Statements of Cash Flows

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of cash flow from operations with operating profit / (loss) after tax				
Operating profit / (loss) after income tax	5,004	2,587	2,926	4,264
Non cash flows in operating profit				
Depreciation/amortisation of assets	3,869	3,467	31	71
(Profit)/loss on sale of fixed assets	(334)	(936)	-	22
Bad debts written off	(9)	(12)	-	-
Share of associates (profit)/loss	(693)	(544)	-	-
Change in assets & liabilities				
(Increase)/decrease in receivables	(5,215)	2,351	(2,402)	(6)
(Increase)/decrease in other assets	(247)	61	-	1
(Increase)/decrease in inventories	(1,379)	170	-	-
Increase/(decrease) in accounts payable and other liabilities	3,765	(628)	(15)	(19)
Increase/(decrease) in income tax payable	1,617	-	1,617	-
Increase/(decrease) in deferred taxes	146	910	847	(1)
Increase/(decrease) in provisions	635	237	-	-
Cash flow from operations	7,159	7,663	3,004	4,332
(b) Reconciliation of cash				
Bank overdraft	-	-	(20)	(50)
Deposits at call	-	6	-	-
Cash at bank and on hand	7	580	-	-
Cash at bank and on hand	7	586	(20)	(50)
(c) Non-cash financing and investing activities				
Acquisition of plant & equipment by means of finance leases	4,989	352	-	-

These acquisitions are not reflected in the statements of cash flows.

During the year ended 30 June 2003, 2,200,625 shares with a value of \$540,246 were issued in accordance with the Company's ordinary share dividend re-investment plan (2002: 2,710,402 shares with a value of \$394,446)



Notes to the Financial Statements

For The Year Ended 30 June 2003

29. Finance Facilities

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At year end, the consolidated entity had the following financing facilities in place with its bankers:				
Available facilities				
Loan facility	8,980	15,300	-	-
Overdraft facility	1,000	900	-	-
Invoice finance	6,500	-	-	-
Lease facility	4,500	814	-	-
Other facilities	740	600	-	-
	21,720	17,614	-	-
Facilities utilised at balance date				
Loan facility	8,980	10,000	-	-
Overdraft and invoice finance	1,608	-	-	-
Lease facility	4,097	516	-	-
Other facilities	740	600	-	-
	15,425	11,116	-	-
Facilities not utilised at balance date				
Loan facility	-	5,300	-	-
Overdraft and invoice finance	5,892	900	-	-
Lease facility	403	298	-	-
	6,295	6,498	-	-

The loan, overdraft and other facilities are fully secured by a registered equitable mortgage over the whole of the assets and undertakings of the consolidated entity and a registered mortgage over the land and buildings of controlled entities. Selected trade debtors invoices of a controlled entity are pledged as security for the "invoice finance" facility. The carrying amount of assets pledged as security is \$22,113,000 (2002: \$13,015,000).

The loan facility is subject to annual review. Termination of the agreement can be effected by notice in writing from either party. Interest rates are a combination of fixed and variable. The bank overdraft is payable on demand and subject to annual review.



For The Year Ended 30 June 2003

30. Capital and Leasing Commitments

	Consolidated		The Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
(a) Finance lease commitments				
Payable				
- not later than 1 year	954	172	-	26
- later than 1 year	2,878	409	-	-
- later than 5 years	2,435	-	-	-
Minimum lease payments	6,267	581	-	26
Future finance charges	(1,124)	(96)	-	(2)
Total lease liability	5,143	485	-	24

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

(b) Operating lease commitments

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

- not later than 1 year	1,078	1,174	-	-
- later than 1 year but not later than 5 years	1,900	1,720	-	-
- later than 5 years	202	46	-	-
- Total operating lease commitments	3,180	2,940	-	-

The consolidated entity leases property under operating leases expiring from one to seven years. Leases generally provide the consolidated entity 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	86	3,645	-	-
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31. Class order

The Company, together with its subsidiaries, MaxiTRANS Australia Pty Ltd, Transtech Research Pty Ltd and MaxiTRANS Industries (NZ) Pty Ltd, 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 1 June 2001.

A consolidated statement of financial performance and consolidated statement of financial position comprising the Company and subsidiaries which are a party to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, have not been prepared at 30 June 2003 or for the preceding financial period as they would not be materially different to the consolidated statements on pages 22 and 23.



Notes to the Financial Statements

For The Year Ended 30 June 2003

32. Litigation

At any given point in time the consolidated entity may be engaged in defending legal actions brought against it. At the date of this report the consolidated entity is not subject to any material legal action.

33. Remuneration of Auditor

	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
Remuneration of the auditor of the Company for:				
- auditing or reviewing the financial statements	122,000	113,000	41,000	33,000
- other services (taxation, advisory & company liquidations)	97,000	106,000	28,000	1,000
	219,000	219,000	69,000	34,000

34. 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.

Derivative financial instruments are used by the consolidated entity to hedge exposure to exchange rate risk associated with foreign currency transactions. There are no foreign exchange contracts outstanding at 30 June 2003 (2002: Nil). Interest rate risk associated with movements in interest rates which impact on the borrowings of the consolidated entity is partly fixed through the forward purchase of bank bills.

(b) Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:



For The Year Ended 30 June 2003

34. Financial Instruments (continued)

	Average Interest Rate %	Variable Interest \$'000	Fixed Interest Rate			Non-Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
Year ended 30 June 2003							
Financial assets							
Cash		-	-	-	-	7	7
Trade receivables		-	-	-	-	13,254	13,254
Other receivables		-				113	113
		-	-	-	-	13,374	13,374
Financial liabilities							
Accounts payable		-	-	-	-	16,234	16,234
Bank loans	6.35	3,480	-	5,500	-	-	8,980
Overdraft & invoice finance	6.35	1,608	-	-	-	-	1,608
Finance leases	6.35	-	788	2,377	1,979	-	5,143
Other		-	-	-	-	3,995	3,995
Employee entitlements	4.4	2,535	-	-	-	-	2,535
		7,623	788	7,877	1,979	20,229	38,495
Year ended 30 June 2002							
Financial assets							
Cash	4.0	6	-	-	-	580	586
Trade receivables		-	-	-	-	8,079	8,079
Other receivables		-	-	-	-	49	49
		6	-	-	-	8,708	8,714
Financial liabilities							
Accounts payable		-	-	-	-	12,470	12,470
Bank loans	6.4	4,000	6,000	-	-	-	10,000
Finance leases	7.2	-	143	342	-	-	485
Other		-	-	-	-	1,842	1,842
Dividends payable		-	-	-	-	135	135
Employee entitlements	5.8	2,218	-	-	-	-	2,218
		6,218	6,143	342	-	14,447	27,150

(c) Credit risk

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

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



Notes to the Financial Statements

For The Year Ended 30 June 2003

34. Financial Instruments (continued)

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

	Maximum credit risk	
	2003	2002
	\$'000	\$'000
Financial assets		
Recognised financial assets		
Trade receivables	13,254	8,079
Other receivables	113	49
	13,367	8,128

d) Net fair value

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

	Carrying amount		Net fair value	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Traded on organised markets	-	-	-	-
Not readily traded				
Trade receivables	13,254	8,079	13,254	8,079
Other receivables	113	49	113	49
	13,367	8,128	13,367	8,128
Financial liabilities				
Traded on organised markets	-	-	-	-
Not readily traded				
Accounts payable	16,234	12,470	16,234	12,470
Bank loans	8,980	10,000	8,980	10,000
Overdraft & invoice finance	1,608	-	1,608	-
Finance leases	5,143	485	5,143	485
Other	3,995	1,842	3,995	1,842
Dividends payable	-	135	-	135
Employee entitlements	2,535	2,218	2,535	2,218
	38,495	27,150	38,495	27,150

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.



For The Year Ended 30 June 2003

35. Events Subsequent to Balance Date

There has not arisen since in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the group, the results of those operations, or the state of affairs of the group, in subsequent financial years other than the acquisition of Lusty EMS Pty Ltd, a manufacturer of aluminium semi-tippers, on 3 July 2003. The consideration paid was \$5 million in cash and \$1 million in ordinary shares of the Company.



Independent Audit Report

For The Year Ended 30 June 2003

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both MaxiTRANS Industries Limited (the "Company") and the "Consolidated Entity", for the year ended 30 June 2003. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- > examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- > assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent Audit Report



For The Year Ended 30 June 2003

Audit opinion

In our opinion, the financial report of MaxiTRANS Industries Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

KPMG

JJ O'Connell
Partner

Dated at Melbourne, this 25th day of August 2003



Australian Stock Exchange Additional Information

For The Year Ended 30 June 2003

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 21 August 2003 are:

Ordinary shares

Transcap Pty Ltd & related parties	26,714,185
Belgravia Group & related parties	12,389,736

Voting rights

As at 21 August 2003, there were 2,840 holders of the 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 21 August 2003 there were options over 3,600,000 unissued ordinary shares granted to employees under the Directors and Employees Option Plan. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the issued ordinary shares when the options have been exercised.

Distribution of shareholders

(As at 21 August 2003)

Category – No of shares	Number
1-1,000	117
1,001 – 5,000	676
5,001 – 10,000	614
10,001 – 100,000	1,274
100,001 and over	159
	<hr/> 2,840

Shareholders with less than a marketable parcel

As at 21 August 2003, there were 77 shareholders holding less than a marketable parcel of 820 ordinary shares (\$0.61 on 21 August 2003) in the Company totalling 22,764 ordinary shares.

On market buy back

There is no current on-market buy back.



For The Year Ended 30 June 2003

Twenty largest shareholders - ordinary shares (As at 21 August 2003)

Name	Number of fully paid ordinary shares held	Percentage held of issued ordinary shares
Transcap Pty Ltd	22,009,985	15.01%
Selpam Pty Ltd	7,560,000	5.16%
JP Morgan Nominees Australia Limited	6,479,475	4.42%
Citicorp Nominees Pty Ltd	4,063,928	2.77%
ANZ Nominees Limited	3,342,425	2.28%
Toroa Pty Ltd	3,511,200	2.39%
National Nominees Limited	2,649,468	1.81%
John E Gill Trading Pty Ltd	1,859,263	1.27%
MF Custodian Ltd	1,490,386	1.02%
Mr J A MacDonnell & Mr R J MacDonnell	1,319,610	0.90%
Pluto Mining Pty Ltd	1,319,610	0.90%
John E Gill Operations Pty Ltd	1,251,541	0.85%
Mr J R Curtis	1,193,000	0.81%
Brattle Financial Services Pty Ltd	1,150,000	0.78%
Commonwealth Custodial Services Pty Ltd	1,057,849	0.72%
Mrs Mitsuko Sunshine Luestner	1,026,703	0.70%
Belgravia Strategic Equities Pty Ltd	1,012,311	0.69%
Mr M Brockhoff	1,000,000	0.68%
Ms C A Brown	1,000,000	0.68%
Mr I & Mrs K Greenhalgh	1,000,000	0.68%
TOTAL	65,296,754	44.52%



MaxiTRANS

Maxi-CUBE

FREIGHTER

LUSTY EMS

TRAILERentals

RAIL TRUCK Parts

346





Panel

Rental

Manufacturing

Repairs & Service

Parts

Finance

Trailing Solutions

