



*Growth through Diversity.*

2008 MaxiTRANS Annual Report





*The Company has benefited in FY08 from strong performances across all divisions.*

## MaxiTRANS – 5 Years in Review



# Highlights:

- +23% - *Record Revenue \$291M*
- +101% - *Record NPAT \$16.1M*
- +101% - *Record EPS 9.38 Cents*
- +37% - *Record Dividends 5.5 Cents*
- *Gearing Reduced to 38%*



EARNINGS PER SHARE (Cents)

ORDINARY DIVIDENDS PER SHARE (Cents)

*Our key performance indicators for the year are all positive, showing increased revenue, margins, profitability and cash flow.*



# Chairman's and Managing Director's Review



**Ian Davis**  
Chairman



**Michael Brockhoff**  
Managing Director

## CHAIRMAN'S AND MANAGING DIRECTOR'S REVIEW

We are pleased to report to shareholders that the Company has delivered a record profit for the year under review and has declared a record dividend to shareholders. This strong performance results from investments made and initiatives implemented by the Company over recent years. At the same time, we have made further progress in expanding our core activities, providing a sound base to support the achievement of increasing shareholder returns.

In the FY07 Annual Report, we stated that we believed that the comparatively strong performance of our various divisions in that year, combined with strong order banks and higher production rates, should deliver improved financial performance in FY08. We are pleased to advise that this has been the case, with MaxiTRANS reporting excellent results this year.

Shareholders will recall that, during the previous financial year, performance was adversely impacted by unfavourable climatic conditions which resulted in reduced activity and sales in some important market segments. In that year,

our results were also adversely impacted by operational performance as well as integration and process issues arising from recent acquisitions.

During FY08, the Board and Management continued to focus on addressing key operational issues in all divisions and, with recent management changes and improved market conditions, this has led to much improved performance. At the same time, we have continued to focus on driving and extracting operational and cost efficiencies through investment in manufacturing technology, as well as building manufacturing capacity for the future and driving product innovation through investment in research and development.

The Company has benefited in FY08 from strong performances across all divisions and has also capitalised on strong markets.

We are particularly proud of the fact that the Freightliner EziLiner won a coveted Australian International Design Award in May this year, recognising its innovative design and contribution to improvements in operational efficiency. This is an excellent example of our commitment to innovation and leadership.

## FINANCIAL PERFORMANCE

Our key performance indicators for the year are all positive, showing increased revenue, margins, profitability and cash flow.

The Company posted a record result for the year, reporting an EBIT result of \$24.8 million and a net profit after tax of \$16.1 million, representing an increase in earnings on the previous year of 101%.



## Chairman's and Managing Director's Review (Continued)

Revenue increased by 23% to \$291 million, following record sales performance in all major divisions.

Our balance sheet has been strengthened further during the year, with shareholders' funds increasing by 19% and gearing falling from 53% in 2007 to 38% in 2008.

### DIVIDENDS

As a result of our earnings growth and improved cash flow, the Board has declared a final dividend of 2.75 cents per share, bringing the total dividend for the year to 5.5 cents per share (fully franked), an increase of 37% on the previous year.

### STRATEGY

Naturally, our business is susceptible to the impact of external forces and influences including climate, the economy, social and demographic changes, and the general level of business activity.

With this in mind, we have consistently pursued a strategy of diversifying into a wider range of market sectors together with the pursuit of operational improvement and organic

growth. Our objective is to continue developing a diversified revenue and earnings stream that can assist in mitigating the impact of unfavourable cycles in selected market segments. Over the last 5 years, we have:

- » Maintained market leadership in the trailer and van sectors;
- » Built a presence in the agriculture, infrastructure and resources sectors through our Hamelex White and Lusty EMS brands;
- » Invested in initiatives to improve operational efficiency thereby allowing us to be competitive in terms of price and delivery;
- » Invested in organisational capability which enables us to deliver creative and innovative solutions to our customers;
- » Invested in improvements in facilities and training to provide better working conditions and to grow and develop our skilled workforce; and
- » Invested in research and development and created solutions to assist transport operators achieve efficiencies through the provision of technologically superior products.



As a result of these initiatives, the foundations and competencies of our business have been strengthened and, subject to external factors such as climate and economic conditions, we are well positioned to leverage off our base to drive further organic growth in each of our key market segments and to pursue strategic acquisition and business development opportunities both domestically and internationally.

Recent investments made in the Company's principal manufacturing facility at Ballarat have yielded positive results, significantly increased trailer and van manufacturing capacity and further enhanced safety. During the current financial year, capital investments have been directed at further developing and growing our tipper business in respect of engineering software, manufacturing efficiency, quality and capacity.

We place a high priority on engineering and the development of innovative solutions to the challenges facing the road transport industry. Examples include the Freighter EziLiner that eliminates the need for buckles and straps on side curtains, thus dramatically improving operational efficiency. Other innovations have resulted in increased payload, improved thermal efficiency and reduced fridge plant fuel consumption.

With ongoing growth in mineral production and exports, we are focusing our energies on product development and distribution strategies that target opportunities identified in the resources sector for both mineral haulage and operational support. We have had success in the sale of specially designed side tipper units and equipment haulage trailers for the mining industry and plan to grow sales in this sector.

The Australian road transport industry is predicted to grow at a rate exceeding GDP up until at least 2020. The Federal Government's Auslink White Paper (2004) predicts non bulk road freight to grow at an average of 3.6% p.a. to the year 2020 and bulk road freight to grow at a similar rate. It also



*Transport has a central role in the  
“everyday functioning of the economy”  
according to Eddington’s report.*



## Chairman's and Managing Director's Review (Continued)

predicts rapid growth in container handling and transport. While the market will inevitably fluctuate, the long term trend is thus predicted to be one of consistent growth for some years to come.

The recently released "Eddington Report" (The East West Link Needs Assessment (EWLNA), March 2008) predicts similar growth in Melbourne's road freight task. The Report expects this to increase by 50% to the year 2020 and anticipates Melbourne's container traffic to grow from the current 2 million containers p.a. to "at least 8 million" by the year 2031. It is reasonable to assume similar scenarios may prevail in other major cities.

The key drivers of this growth include general economic growth, growth in trade and population and the rationalisation and centralisation of distribution and manufacturing operations. Transport has a central role in the "everyday functioning of the economy" according to Eddington's report.

These factors provide the Board and Management with confidence in the future potential of the Company to build long term shareholder value. In order to work toward this, we will continue to:

- » Invest in efficiency to achieve cost leadership;
- » Invest in capacity to meet market needs;
- » Pursue aggressive sales, marketing and distribution growth;
- » Innovate and expand our product and service offering; and
- » Seek and execute strategic acquisitions in existing and complementary areas.



### REVIEW OF OPERATIONS

#### VANS, TRAILERS AND BODIES

FY08 saw a significant increase in sales and contribution from our van, trailer and body businesses.

Following a soft trailer market during the first half of FY07, trailer order intake strengthened significantly in the last half of FY07, providing high order banks to kick start the FY08 sales year. Continuing strong order intake throughout much of FY08 resulted in record sales for Freighter trailers and Maxi-CUBE vans. This enabled our manufacturing facilities to operate at full capacity, resulting in improved operational efficiency.

The new and patent pending Freighter EziLiner is gaining market acceptance due to its ability to dramatically improve operational efficiency. With greater reliance on efficiency to offset the impact of rising costs, it is anticipated that the Freighter EziLiner will continue to gain market share in the coming year. Sales of the new Load Hold Curtain system, which overcomes the need for gates in many applications, are also expected to grow significantly.



## Chairman's and Managing Director's Review (Continued)

Success with major fleet contracts contributed to Maxi-CUBE making a valuable contribution to the Company's FY08 results through consistently strong order intake and resulting production efficiencies.

The Peki van and rigid body business has operated at a higher production rate during the past year and is making a valuable contribution to the Company's results. This has been achieved through improvements in operational efficiency, the hiring and training of key new employees and the strengthening of the sales force. Peki won several valuable contracts for both rigid bodies and vans during the year.

The trailer and van markets have been significantly impacted in recent months by fuel price increases, higher interest rates, and a general decline in business confidence and economic activity. We have taken advantage of this to reduce lead times and will match ongoing production capacity to demand.

### TIPPERS

The past year has seen significant success achieved by our tipper businesses.

Lusty EMS completed the year with record sales and contribution. Sales growth has been achieved through the introduction of new products and sales opportunities generated by the recovery of a number of rural market sectors following favourable rainfall. The Stag B-Double model continues to be a major contributor to sales, while new products such as the Walking Floor trailer have provided market penetration into the waste management industry across Australia.

Hamelex White also achieved record sales and contribution in FY08. This continued growth can be attributed to increasing penetration of the construction sector and the introduction of new models such as the Hunter B-Double which offers operators improved efficiency in respect of payload and turn-around times and the new Hardox steel Side Tipper which has successfully been sold into the



***The Freightliner EziLiner won a coveted Australian International Design Award in 2008.***

*This Award was won in the Automotive and Transport category against competition from major international and local automotive manufacturers and recognises the EziLiner's innovative design and contribution to efficient transport operations.*



construction and resource sectors. Hamelex White has also worked to strengthen its dealership and distribution network as well as its Victorian and New South Wales sales force.

The capital investment upgrade program at Hamelex White has progressed well and is on track to deliver improved operational efficiency, production capacity, quality and safety. The CNC machining centre and a high definition

plasma cutter are fully operational as is the CNC router. All are controlled by data generated by 3D CAD software implemented in FY08. The first quarter of FY09 will see the installation of a robotic welding cell and changes in factory layout to create a production line environment. These projects will provide Hamelex White with further increases in capacity and efficiency.

*Our Company has a strong commitment to its employees and their safety, training and career opportunities.*



# Chairman's and Managing Director's Review (Continued)

## PARTS

As a result of the hard work and dedication of its management and employees, Colrain has significantly improved its performance.

In FY08, Colrain placed extra emphasis on its wholesale and OE operations with very good results, while overall retail store performance also improved. A cost reduction program was successfully completed along with the disposal of a loss making retail store. A new wholesale operation was established in Western Australia to capitalise on growth opportunities in that state and improve the level of service offered to Western Australian customers, both OE manufacturers and retail outlets. Notable new products added to the Colrain component range included alloy truck and trailer wheels and the renowned V Orlandi tow hitch products.

## NEW ZEALAND

MaxiTRANS New Zealand had a very successful year. Improved market conditions in heavy trailers as well as the successful expansion of its truck body business resulted in a strong contribution to the Group result.



## JOINT VENTURES

Our Queensland dealer, Freightliner Maxi-CUBE Queensland, in which the Company has a 36.67% shareholding, achieved record sales and earnings again this year, following a record performance in the prior year. The dealership is looking to further expand its operations in the coming year.

Our 50% owned Chinese joint venture, Yangzhou Maxi-CUBE Tong Composites Co. Ltd., also performed well and made a solid contribution to the Group result.

## OUTLOOK

After a period of record order intake and sales, we enter FY09 facing a different economic environment.

Higher fuel prices, increased interest rates, and a general decline in business confidence and economic activity have resulted in a significant contraction in the domestic market for trailers and vans. Whilst this has adversely impacted order intake for Freightliner, Maxi-CUBE and Colrain, our tipper brands have commenced the new financial year with strong order books. Recent further rainfall in many agricultural areas and the improvement in crop yields provide an ongoing positive outlook for rural tipper sales.

We are encouraged by recent falls in oil prices, anticipated reductions in interest rates, and increasing levels of quotation activity for trailers and vans (which are at near record levels) and believe that these factors could contribute positively to general business confidence and to order intake for Freightliner and Maxi-CUBE over the next few months.



## Chairman's and Managing Director's Review (Continued)

MaxiTRANS has a sound balance sheet, low gearing, and a strong and talented management team equipped with market leading brands, an extensive distribution network, and industry leading facilities, capabilities and infrastructure which positions us well for further growth opportunities.

### PEOPLE, PARTNERSHIPS AND SUSTAINABILITY

It is appropriate to give credit and thanks to the people behind the success of the Company in the past year. Our employees have worked very hard to meet and often exceed their objectives. They have produced and sold more trailers, tippers and vans than in any prior year, sold more parts and panels and serviced or repaired more equipment. We thank them for an outstanding effort.

We also wish to thank our other important business partners. Our loyal dealers have worked hard to advise, support and service our valued customers. Without the support of our customers and the dealers who service them, the results achieved during the past year would not have been possible. We would like to pay special tribute to Mildura Truck Centre, which has been a Freightliner dealer for 55 years and note with sadness the passing in April 2008 of Ken Leake, who founded the business with his wife Valli in 1953.

We also acknowledge the valuable partnership we have with our suppliers who have provided us with quality components and service.

Our Company has a strong commitment to its employees and their safety, training and career opportunities. During FY08 we increased the number of permanent employees by 12% and trained 60 apprentices in a range of trades. Training provides our employees with the opportunity to enhance their skills and qualifications and to develop their careers. During the year, a number of employees have undertaken Company sponsored Certificate III and Certificate IV courses in Business Management and have attended training in areas such as time management, leadership and occupational health and safety. We believe strongly in the need to build and develop the skill base of the Company.

The DuPont "STOP for Safety" program remains the foundation for safety training and management within our manufacturing and service operations. In the past year, the Company has reduced the number of Workcover claims by 36% and the Lost Time Injury frequency rate by 47% while our Ballarat site expects to have achieved certification to AS-4801, Occupational Health and Safety Management Systems, by the end of this calendar year.



We are also conscious of our ongoing responsibilities to the environment and its sustainability and have taken important steps towards achieving certification in this area. Our key objectives are to:

- » Design products that enhance the efficiency of our customers' operations to help them reduce their carbon footprint;
- » Eliminate or minimize the risk of adverse environmental impacts;
- » Maximize the efficient use of resources;
- » Reduce waste;
- » Build awareness of environmental concern among employees; and
- » Gain a better understanding of the environmental impacts of our business.

Our major manufacturing facility at Ballarat has commenced certification to ISO-14001, the standard for Environment Management Systems. This facility recently completed its first audit and is working towards achievement of accreditation during this financial year. Initiatives already in place include the installation of rain water collection and

storage (used in production to wash finished vans and for other water saving uses) and a wide range of activities focused on waste reduction, recycling and reduction of consumption of power and water. Rain water collection and storage have also been established at our Richlands facility. The Ballarat facility is being used as a model by the Company to establish better understanding and best practices in this area.

Finally, we thank you, our shareholders, for your ongoing support and loyalty.





## MaxiTRANS Business Units, Brands and Joint Ventures



### **FREIGHTER**



Market Leader

MAJOR PRODUCTS OR BUSINESS: Curtain sided, skeletal and flat top semi-trailers.

APPLICATIONS: Carrying general non-bulk freight.

MARKETS: Road transport: local, intra-state and line haul.

### **Maxi-CUBE**



Market Leader

MAJOR PRODUCTS OR BUSINESS: Temperature controlled and dry freight vans and rigid truck bodies.

APPLICATIONS: Fresh produce, dairy, grocery and furniture transport and distribution, both line-haul and local.

MARKETS: Road transport: local, intra-state and line haul.

### **LUSTY EMS**



Market Leader

MAJOR PRODUCTS OR BUSINESS: Aluminum and steel semi-trailer tippers, side tippers, rigid body and dog trailer tippers, walking floor trailers.

APPLICATIONS: Bulk haulage of goods such as grain, fertiliser, sand, gravel, rock, wood chips, demolition waste, asphalt and domestic and commercial waste.

MARKETS: Agriculture, construction, forestry, resources and waste management.

### **MaxiTRANS VICTORIA BRANCH**

MAJOR PRODUCTS OR BUSINESS: Retailing, service and repair of new and used trailers.

APPLICATIONS: Bulk, temperature controlled and general road freight, both local and line haul.

MARKETS: Road transport in Victoria.

### **MaxiTRANS NEW ZEALAND**

MAJOR PRODUCTS OR BUSINESS: Temperature controlled and dry freight vans, rigid bodies and containers.

APPLICATIONS: Fresh produce, dairy, smallgoods and grocery transport and distribution, both long distance and local.

MARKETS: Road transport: local and long distance.



## HAMELEX WHITE



Market Leader

MAJOR PRODUCTS OR BUSINESS: Steel and aluminium semi-tippers, side tippers, rigid body tippers and dog trailer tippers.

APPLICATIONS: Bulk haulage of materials such as sand, gravel, rock, minerals, demolition waste, asphalt and agricultural products.

MARKETS: Construction, mining, resources and agriculture sectors.

## COLRAIN



MAJOR PRODUCTS OR BUSINESS: Parts, components and consumables for trucks, truck bodies and trailers. Wholesale and Retail.

APPLICATIONS: Parts sold are typically used in the manufacture, repair and maintenance of trailers, truck bodies and trucks.

MARKETS: Wholesale sales to OE body and trailer manufacturers and parts retailers. Retail sales to transport operators and service and repair centres.

## PEKI



MAJOR PRODUCTS OR BUSINESS: Temperature controlled and dry freight vans and rigid truck bodies.

APPLICATIONS: Fresh produce, smallgoods, dairy and grocery transport and distribution, both line-haul and local.

MARKETS: Road transport: local, intra-state and line haul.

## PANEL MASTA



Market Leader

MAJOR PRODUCTS OR BUSINESS: Rigid body kits, fibreglass panels and urethane insulation foam.

APPLICATIONS: The manufacture of truck bodies, cool rooms and insulated panels.

MARKETS: Body builders, truck dealers and the industrial construction industry.

## YANGZHOU Maxi-CUBE TONG COMPOSITES

OWNERSHIP: 50% - Market Leader

MAJOR PRODUCTS OR BUSINESS: Fibreglass panels - dry freight and insulated.

APPLICATIONS: The manufacture of trailers, truck bodies, cool rooms and insulated buildings.

MARKETS: Body builders in China and export markets.

## FREIGHTER Maxi-CUBE QUEENSLAND

OWNERSHIP: 36.67%

MAJOR PRODUCTS OR BUSINESS: Retailing, service and repair of new and used trailers.

APPLICATIONS: Temperature controlled and general road freight, line haul and local distribution.

MARKETS: Road transport in Queensland and northern NSW.



#### Board of Directors (L to R):

**Geoff Lord**  
*Director*

**Jim Curtis**  
*Deputy Chairman*

**Ian Davis**  
*Chairman*

**Michael Brockhoff**  
*Managing Director*

## Board of Directors

### OFFICES & OFFICERS

#### COMPANY SECRETARY

Mr. M. Mattia

#### REGISTERED OFFICE

346 Boundary Road  
Derrimut, Victoria 3030

#### PRINCIPAL PLACE OF BUSINESS

346 Boundary Road  
Derrimut, Victoria 3030

#### SHARE REGISTRY

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

#### SOLICITORS

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

#### AUDITOR

KPMG  
161 Collins Street  
Melbourne, Victoria 3000

#### BANKERS

Australia and New Zealand Banking Group Limited  
Commonwealth Bank of Australia

#### STOCK EXCHANGE

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

#### OTHER INFORMATION

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

# Report of the Directors and Financial Report

FOR THE YEAR ENDED 30 JUNE 2008

MaxiTRANS Industries Ltd ACN 006 797 173 and Controlled Entities

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## Financial Summary

		AGAAP		AIFRS			
		F2004	F2005	F2005	F2006	F2007	F2008
Revenue	\$'000	158,928	223,177	223,177	244,960	236,553	290,740
EBITDA	\$'000	17,731	22,079	21,941	20,088	18,180	30,309
EBIT	\$'000	13,115	16,343	17,414	14,697	12,909	24,815
NPBT	\$'000	11,606	14,036	15,107	11,772	9,800	21,943
NPAT	\$'000	8,821	10,429	11,291	9,313	8,018	16,101
Significant Items in NPBT	\$'000	-	(1,200)	(1,200)	(2,273)	-	-
Basic EPS	cents	5.72	6.08	6.59	5.42	4.67	9.38
Ordinary dividends/share	cents	3.5	4.0	4.0	4.25	4.00	5.50
Depreciation	\$'000	2,061	2,890	2,890	3,583	3,435	3,737
Amortisation – leased assets	\$'000	709	744	744	876	904	824
Amortisation – intangibles	\$'000	1,846	2,102	893	932	932	933
Capex additions	\$'000	5,517	16,787	16,787	3,900	5,117	5,046
Operating cash flow	\$'000	3,342	7,140	7,140	19,308	5,543	18,600
NTA	\$'000	33,458	37,227	35,750	41,765	42,667	57,976
Net assets	\$'000	67,325	76,264	72,625	76,036	76,682	91,058
Interest bearing liabilities	\$'000	19,272	43,634	43,634	37,095	40,706	34,542
Finance costs	\$'000	1,509	2,307	2,307	2,925	3,109	2,872
Total bank debt	\$'000	13,961	38,246	38,246	32,463	35,415	31,867
Gearing (net debt/equity)	%	29%	57%	60%	49%	53%	38%
Net interest cover	times	8.69	7.08	7.55	5.02	4.15	8.64

# Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2008

This statement reflects MaxiTRANS Industries Limited's ('MaxiTRANS') corporate governance policies and practices as at 30 June 2008 and which, unless otherwise stated, were in place throughout the year. The essential corporate governance principles incorporating the best practice recommendations of the ASX Corporate Governance Council ('Council'), and MaxiTRANS' policies and procedures and the Company's compliance with the Council recommendations, are as follows:

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

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

### **Role and responsibility of the Board of MaxiTRANS**

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

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- appointing and removing the Managing Director;
- monitoring the performance of the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and Company Secretary;
- ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving succession plans for the management team;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;

- providing strategic advice to management;
- reporting to shareholders and ensuring that all regulatory requirements are met;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- monitoring compliance with regulatory requirements and the Company's own ethical standards and policies;
- determining dividend payment and financing dividend payment;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

### **Role and responsibility of senior management**

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

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

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

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

## 2. PRINCIPLE 2: STRUCTURE OF THE BOARD TO ADD VALUE

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

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

#### Non-Executive Directors

Mr. Ian Davis (Chairman) - Independent

Mr. James Curtis (Deputy Chairman) - Not independent

Mr. Geoff Lord - Independent

#### Executive Director

Mr. Michael Brockhoff (Managing Director) - Not Independent

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

At the date of this report, half of the MaxiTRANS Board is independent and MaxiTRANS does not therefore comply with Council recommendation 2.1. The Board has formalised a number of measures to ensure that all directors exercise independent judgement in decision making:

- Directors are expected to cast their vote on any resolution in accordance with their own judgement.
- Directors are expected to comply with their legal, statutory and equitable duties when discharging their responsibilities as directors. Broadly, these are duties to:
  - (i) Act in good faith and in the best interests of MaxiTRANS as a whole
  - (ii) Act with care and diligence
  - (iii) Act for proper purposes
  - (iv) Avoid a conflict of interest or duty
  - (v) Refrain from making improper use of information gained through the position of director and taking improper advantage of the position of director.

# Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2008

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

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

Refer to the Report of the Directors on pages 28 and 29 for details of directors' skills, experience and expertise.

## **Recommendation 2.2:**

**The Chairperson should be an independent director**

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

## **Recommendation 2.3:**

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

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

## **Recommendation 2.4:**

**The Board should establish a nomination committee**

The MaxiTRANS Nomination Committee was formally constituted on 27 June 2003. Committee members at the date of this report are Messrs Ian Davis (Chairman), James Curtis and Geoff Lord.

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

- Assessment of the necessary and desirable competencies of Board members
- Review of Board succession plans
- The appointment and removal of directors

## **3. PRINCIPLE 3:**

**PROMOTE ETHICAL AND RESPONSIBLE DECISION  
MAKING**

## **Recommendation 3.1:**

**Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:**

- **The practices necessary to maintain confidence in the Company's integrity**
- **The responsibility and accountability of individuals for reporting and investigating reports of unethical practices**

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

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

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

**Recommendation 3.2:**  
**Disclose the policy concerning trading in Company securities by directors, officers and employees**

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

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

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

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

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

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

**4. PRINCIPLE 4:**  
**SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

**Recommendation 4.1:**

Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

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

**Recommendation 4.2:**  
**The Board should establish an audit committee**

The MaxiTRANS Audit Committee was established in 1994.

**Recommendation 4.3:**  
**Structure the audit committee so that it consists of:**

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

At the date of this report the members of the MaxiTRANS Audit Committee are Messrs. Geoff Lord (Chairman), independent non-executive director, James Curtis, non-executive director and Ian Davis, independent non-executive director. Details of attendances by directors are to be found in the Report of the Directors on page 30.

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

# Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2008

At the date of this report, the composition of the MaxiTRANS Audit Committee complies with Best Practice recommendation 4.3 in all respects.

The external auditor met with the Audit Committee twice during the year without management being present. The Audit Committee intends for the 2009 financial reporting period to have the auditor meet at least twice with the Audit Committee without management being present.

## **Recommendation 4.4: The Audit Committee should have a formal charter**

The revised charter of the MaxiTRANS Audit Committee adopted by the Board in June 2003 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 primary role of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities. In particular, the Committee will focus on:

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

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

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

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

The Continuous Disclosure Protocol provides guidelines on:

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

The Managing Director and Chief Financial Officer are the only authorised personnel to engage in media contact and comment in relation to matters relevant to continuous disclosure.

## **6. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

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

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

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

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

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

**Recommendation 6.2:**

**Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.**

It is MaxiTRANS policy that the Company's external auditor attends the AGM and be available to answer questions from shareholders. The external auditor of MaxiTRANS has attended all AGMs since the public listing of MaxiTRANS in 1994.

**7. PRINCIPLE 7:  
RECOGNISE AND MANAGE RISK**

**Recommendation 7.1:**

**The Board or appropriate Board committee should establish policies on risk oversight and management.**

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

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

**Recommendation 7.2:**

**The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:**

- 7.2.1 **The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board**
- 7.2.2 **The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.**

The statement of the Managing Director and Chief Financial Officer, given in accordance with best practice recommendation 4.1 (the integrity of financial statements), confirms the existence of a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and also confirms that MaxiTRANS' risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

**8. PRINCIPLE 8:  
ENCOURAGE ENHANCED PERFORMANCE**

**Recommendation 8.1:**

**Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.**

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

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

# Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2008

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

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

At the date of this report the members of the MaxiTRANS Corporate Governance Committee are Messrs. Ian Davis (Chairman), James Curtis and Geoff Lord. Refer to the Report of the Directors on page 30 for details of attendance by directors at Corporate Governance Committee meetings.

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

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

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

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

The Board has conducted a review of its performance for the year ended 30 June 2008.

## 9. PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

### Recommendation 9.1:

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

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

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

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

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

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

### Recommendation 9.2: The Board should establish a remuneration committee.

The MaxiTRANS Remuneration Committee was established in 1994.

At the date of this report the members of the MaxiTRANS Remuneration Committee are Messrs. Ian Davis (Chairman), Michael Brockhoff (Managing Director), James Curtis and Geoff Lord. Refer to the Report of the Directors on page 30 for details of attendance by directors at Remuneration Committee meetings.

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

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

**Recommendation 9.3:**

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

Non-executive directors receive a fixed fee, no termination benefits, and no bonuses. Fees paid to non-executive directors are benchmarked against similar sized companies operating in similar industries.

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

Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, bonus and options entitlements.

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

The level of remuneration paid to executive directors, non-executive directors and key management personnel is set out in the Remuneration Report on pages 33 and 34.

**Recommendation 9.4:**

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

The maximum number of securities, including options, which may be issued under the MaxiTRANS Executive Option Plan, is limited to 5% of the number ordinary securities on issue. The MaxiTRANS Employee Share Plan was approved by shareholders on 25 February 1998. The MaxiTRANS Executive Option Plan was approved by shareholders on 19 October 2007.

Refer to Note 21 of the financial statements and pages 35 to 37 of the Remuneration Report for details of shares or options which have been issued or granted under the above plans in the period under review.

**10. PRINCIPLE 10:**

**RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS**

**Recommendation 10.1:**

**Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.**

MaxiTRANS 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

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

Your directors submit their report together with 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 2008 and the auditor's report thereon.

## Directors

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

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

## 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 repair 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.

## Dividends

Dividends paid or declared for payment are as follows:

### Ordinary shares

A fully franked final dividend of 2 cents per share was paid on 16 October 2007, as proposed in last year's financial report	\$3,434,843
A fully franked interim dividend of 2.75 cents per share was paid on 21 April 2008	\$4,722,909
A fully franked final dividend of 2.75 cents per share, declared after year end, will be paid on 10 October 2008	\$4,722,909

## Consolidated Results and Shareholder Returns

	2008	2007	2006	2005	2004
Net profit attributable to equity holders of the parent	\$16,101,000	\$8,018,000	\$9,313,000	\$10,429,000	\$8,821,000
Basic EPS	9.38¢	4.67¢	5.42¢	6.08¢	5.72¢
Dividends paid	\$9,445,818	\$6,869,686	\$7,299,041	\$6,869,686	\$5,667,207
Dividends per share	5.50¢	4.0¢	4.25¢	4.0¢	3.5¢

Net profit amounts for years 2004 and 2005 were calculated in accordance with previous Australian GAAP. Net profit amount for 2006 onwards has been calculated in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

## **State of Affairs**

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 2008. In accordance with Australian Securities and Investment Commission Class Order 98/2395, the Board of Directors has adopted the Chairman's and Managing Director's Review as part of the Report of the Directors. The Chairman's and Managing Director's Review also provides a financial and operating review as required by S299A of the Corporations Act 2001.

## **Events Subsequent to Balance Date**

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

## **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 2008.

## **Future Developments**

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

Further information as to the likely developments in the operations of the 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 2008

## Information of Directors

### **Ian R. Davis**

#### Qualifications & Experience:

Chairman, Independent Non-Executive, Age 63

Law degree with honours from University of Melbourne.

Appointed Chairman 1994.

Senior partner and previously National Chairman of international law firm, Minter Ellison. Mr. Davis has extensive experience in the corporate and commercial area of law in which he practices. He is also Chairman of UCMS Group Ltd since November 2006 and Recovcorp Pty Ltd from April 2007. Director of Helvetica (Australia) Pty Ltd since December 2006, and Chairman of Produce and Grocery Industry Code Administration Committee. Formerly Chairman of Zenyth Therapeutics Limited from April 2005 to May 2007 and a Director of Circadian Technologies Limited from 1985 to April 2005, non-executive Director of Baxter Group Limited from December 2004 to January 2007 and non-executive Director of Central Equity Limited from December 2003 to June 2006.

#### Special Responsibilities:

Chairman of Corporate Governance Committee, Remuneration Committee and Nomination Committee. Member of Audit Committee.

#### Interest in Shares:

1,112,200 ordinary shares beneficially held.

#### Options over Ordinary Shares:

Nil

### **James R. Curtis**

#### Qualifications & Experience:

Deputy Chairman, Non-Executive, Age 73

Appointed Deputy Chairman in 1994. One of the founders of the consolidated entity.

Fifty four years experience in the transport equipment industry.

#### Special Responsibilities:

Member of Corporate Governance Committee, Audit Committee, Remuneration Committee and Nomination Committee.

#### Interest in Shares:

20,335,375 ordinary shares beneficially held.

#### Options over Ordinary Shares:

Nil

<b>Michael A. Brockhoff</b>	Managing Director, Executive, Age 55
Qualifications & Experience:	Appointed Managing Director in June 2000.  Thirty years experience in the road transport industry.
Special Responsibilities:	Member of Remuneration Committee.
Interest in Shares:	2,229,000 ordinary shares beneficially held.
Options over Ordinary Shares:	2,400,000
<b>Geoffrey F. Lord</b>	Independent Non-Executive Director, Age 63
Qualifications & Experience:	B. Econ. (Honours), M.B.A. (Distinction), ASSA, Australian Institute of Company Directors. Appointed Director in October 2000.  Chairman and Chief Executive Officer of Belgravia Group and Executive Chairman of UXC Limited since September 2002. Chairman of LCM Litigation Fund Pty Ltd (formerly Australian Litigation Fund), Melbourne Victory Limited since November 2004, Terrain Capital Ltd since May 2002. Director of the following companies: Institute of Drug Technology Limited since October 1998, Ausmelt Limited since February 2001, KLM Group Ltd since May 2006, The Mac Services Group Ltd since April 2007 and Northern Energy Corporation since December 2007. Formerly a director of Auto Group Limited from April 1999 to February 2006, Triako Resources Limited from May 2000 to September 2006, and Adelhill Limited from February 1993 to March 2008.
Special Responsibilities:	Chairman of Audit Committee. Member of Corporate Governance Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	1,039,604 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

## Company Secretaries

<b>Mr. Marcello Mattia</b>	B. Bus. (Acc) CA, was appointed to the position of Company Secretary in 2008.
<b>Mr. Peter O. Loimaranta</b>	B. Commerce CA, was appointed to the position of Company Secretary in 2006.

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

Details of attendances by directors at Board and committee meetings during the year are as follows<sup>(1)</sup>:

	Directors' Meetings <sup>(1)</sup>		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 Davis	9	9	3	3	2	2	1	1
James Curtis	9	9	3	3	2	2	1	1
Michael Brockhoff	9	9			2	2		
Geoffrey Lord	9	7	3	3	2	2	1	-

<sup>(1)</sup> The Nomination Committee did not meet during the year.

## Remuneration Report

Information contained in the Remuneration Report is audited.

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

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

- The capability and experience of the directors and senior executives
- The directors' and senior executives' ability to control the relevant segment/s' performance
- The consolidated entity's performance including:

– The consolidated entity's earnings per share

– Total shareholder returns (i.e. growth in share price and dividends)

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

Remuneration packages include a mix of fixed and variable remuneration and short and long-term performance-based incentives.

### Fixed remuneration

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

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

## Performance-linked remuneration

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward executive directors and senior executives for meeting or exceeding specified objectives. The short term incentive (STI) includes an "at risk" bonus provided in the form of cash. In addition to the bonus scheme, both the short-term incentive (STI) and the long-term incentive (LTI) are provided as options over ordinary shares of the Company under the terms of the Executive Option Plan ('EOP'), as approved by shareholders at the Annual General Meeting held on 19 October 2007.

The Board did not exercise any discretion in the period under review, as provided by the terms of the EOP, on the payment of performance linked remuneration provided in the form of options.

Options issued under the EOP (in accordance with thresholds set in plans approved by shareholders), provide for executive directors and senior executives to receive up to an aggregate of options over ordinary shares not exceeding 5% of shares issued by the Company for no consideration. The ability to exercise the options is conditional on the consolidated entity achieving certain short and long term performance hurdles. The exercise price for options granted under the EOP plan is 65 cents per ordinary share. Options granted under the EOP are not capable of exercise unless they vest to the option holder. The final exercise date for options granted under the EOP is 31 December 2013.

## Bonus

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

The financial performance objective is "profit before tax" compared to budgeted amounts. The non-financial

objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance, customer satisfaction and staff development.

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

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

## Options

In each of the 30 June 2008, 2009 and 2010 financial years, one third of options granted to executive directors and senior executives will vest on achievement by the Company of its target earnings per share for that financial year.

The target earnings per share for the financial years ending 30 June 2008, 30 June 2009 and 30 June 2010 will be recommended by the Remuneration Committee for approval by the Board and set out in the business plan and budget agreed by the Board for each of those financial years. The EPS measure was chosen to directly align the individual's reward to the performance of the consolidated entity for the forthcoming year.

At the end of each financial year the Remuneration Committee assesses the actual performance of the consolidated entity against the target EPS set at the beginning of the financial year.

For the period under review, the Company achieved the target EPS hurdle and options have vested in respect of eligible executive director and senior executives.

The Remuneration Committee makes a recommendation for approval by the Board that, subject to the target EPS hurdle being satisfied and having regard to any special circumstances that might apply, options capable of vesting in accordance with the terms of the EOP will do so. The method of assessment was chosen as it provides the committee with an objective assessment of the directors' and senior executives' performance.

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

## Other benefits

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

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

## Service agreements

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

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

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

Mr Michael Alan Brockhoff, Managing Director, has a contract of employment with the Company dated 3 May 2000. The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and Managing Director will early in each financial year, consult and agree objectives for achievement during that year. The service contract can be terminated either by

the Company or Mr Brockhoff providing six months notice. The Company may make a payment in lieu of notice of six months, equal to 100% of base salary, motor vehicle allowance and superannuation. This payment represented market practice at the time the terms were agreed. The Managing Director has no entitlement to a termination payment in the event of removal for misconduct or breach of any material terms of his contract of employment.

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

## Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 1998 EGM, is not to exceed \$400,000 per annum and directors fees are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Directors' base fees have been reviewed and effective 1 July 2008 have been increased to \$64,000 per annum. The Chairperson will receive \$115,000 per annum. Non-executive directors do not receive performance related remuneration. Directors' fees cover all main board activities and membership of all committees. Non-executive directors are not entitled to any retirement benefits.

## Directors' and executive officers' remuneration (Company and consolidated)

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

Year		Primary			Post	Equity	Other	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees \$	Bonus (i) \$	Non-cash benefits \$	Super \$	Options (ii) \$	\$	\$		
<b>DIRECTORS</b>										
<b>Non-executive</b>										
<b>Mr I Davis</b>	2008	98,000	-	-	8,820	-	-	106,820	-	-
Chairman	2007	98,000	-	-	8,820	-	-	106,820	-	-
<b>Mr. J Curtis</b>	2008	54,000	-	-	24,060	-	12,800	90,860	-	-
	2007	54,000	-	-	25,260	-	13,600	92,860	-	-
<b>Mr G Lord</b>	2008	54,000	-	-	4,860	-	-	58,860	-	-
	2007	54,000	-	-	4,860	-	-	58,860	-	-
<b>Executive</b>										
<b>Mr M Brockhoff</b>	2008	462,162	-	4,145	55,459	176,145	40,000	737,911	23.8%	23.8%
Managing Director	2007	462,162	-	4,170	55,459	-	40,000	561,791	-	-
<b>EXECUTIVES</b>										
<b>The Company</b>										
<b>Mr M Mattia</b>	2008	36,058	-	-	4,372	-	3,686	44,116	-	-
Chief Financial Officer and Company Secretary (iii)	2007	-	-	-	-	-	-	-	-	-
<b>Mr J Nolan</b>	2008	237,134	50,940	6,000	19,076	-	-	313,150	16.3%	-
Former Chief Financial Officer (iii)	2007	234,000	60,000	9,202	25,740	-	-	328,942	18.2%	-
<b>Mr G Walker</b>	2008	223,600	600	-	35,445	60,042	21,700	341,387	17.7%	17.5%
General Manager – Manufacturing	2007	215,000	-	-	35,445	-	21,150	271,595	-	-

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

	Year	Primary			Post	Equity	Other	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees \$	Bonus (i) \$	Non-cash benefits \$	Super \$	Options (ii) \$	\$	\$		
<b>Consolidated</b>										
<b>Mr A Wibberley</b> General Manager Lusty EMS Pty Ltd	2008	164,000	-	8,695	14,760	37,526	-	224,981	16.7%	16.7%
	2007	160,975	-	4,620	14,488	-	-	180,083	-	-
<b>Mr. J Rush</b> General Manager - Hamelex White, MaxiTRANS Australia Pty Ltd	2008	187,200	-	5,688	16,848	37,526	-	247,262	15.1%	15.1%
	2007	156,231	-	3,429	14,061	-	-	173,721	-	-
<b>Mr N Zantuck</b> General Manager - Vic Branch, MaxiTRANS Australia Pty Ltd (iv)	2008	103,026	-	-	10,763	37,526	16,558	167,873	22.4%	22.4%
	2007	-	-	-	-	-	-	-	-	-
<b>Mr P Loimaranta</b> General Manager - Colrain Pty Ltd (iv)	2008	70,000	10,000	2,360	7,200	37,526	-	127,086	37.3%	29.5%
	2007	-	-	-	-	-	-	-	-	-

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

- (i) The short-term cash incentive bonus is for performance during the 30 June 2008 financial year using the criteria set out on page 31. The amounts were determined after performance reviews were completed and approved by the Managing Director. 100% of bonuses vested during the current year.
- (ii) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period. In valuing the options, market conditions have been taken into account in both the current and prior periods. Comparative information was not restated as market conditions were already included in the valuation.
- (iii) Mr M Mattia commenced employment with the Company in May 2008. Mr. J Nolan ceased employment with the Company in February 2008.
- (iv) Mr. N Zantuck commenced employment with the consolidated entity in October 2007. Mr P Loimaranta was appointed General Manager Colrain Pty Ltd in December 2007, previously Financial Contoller, Colrain.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	Option type	Expiry date	Fair value of option	Vesting date
4 December 2007	EPS	31 Dec 2013	\$0.134	30 Sept 2008
19 December 2007	EPS	31 Dec 2013	\$0.140	30 Sept 2008
4 December 2007	EPS	31 Dec 2013	\$0.145	30 Sept 2009
19 December 2007	EPS	31 Dec 2013	\$0.151	30 Sept 2009
4 December 2007	EPS	31 Dec 2013	\$0.150	30 Sept 2010
19 December 2007	EPS	31 Dec 2013	\$0.156	30 Sept 2010

Additional factors and assumptions that apply in respect of all the above grants and option types listed above are:

Exercise price	Market price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
\$0.65	\$0.627	38%	6.58%	7.0%
\$0.65	\$0.642	38%	6.25%	7.0%

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

## Analysis of share-based payments granted as remuneration

Details of vesting profile of the options granted as remuneration to each director of the Company and each of the named Company executives and relevant group executives is detailed below.

	Number of options			Value yet to vest	
	Granted	Lapsed	Held	Min (a)	Max (b)
<b>Directors</b>					
Mr. M Brockhoff					
Options granted 18 March 2005	2,400,000	2,400,000	-	-	-
Options granted 4 December 2007	2,400,000	-	-	\$107,200	\$343,200
<b>Company executives</b>					
Mr. J Nolan					
Options granted 18 March 2005	1,100,000	1,100,000	-	-	-
Mr G Walker					
Options granted 19 December 2007	800,000	-	-	\$36,960	\$119,200
<b>Consolidated entity executives</b>					
Mr. A Wibberley					
Options granted 31 March 2005	450,000	450,000	-	-	-
Options granted 19 December 2007	500,000	-	-	\$23,100	\$74,500
Mr J Rush					
Options granted 19 December 2007	500,000	-	-	\$23,100	\$74,50
Mr N Zantuck					
Options granted 19 December 2007	500,000	-	-	\$23,100	\$74,500
Mr P Loimaranta					
Options granted 19 December 2007	500,000	-	-	\$23,100	\$74,500

No options vested or were forfeited in the year ended 30 June 2008.

The target Earnings Per Share ('EPS') was achieved for the year ended 30 June 2008 and options will vest.

- (a) The minimum value of options yet to vest is \$261,200 as the performance criteria has been met.
- (b) The maximum value of options yet to vest is not determinable as it depends on the market price of shares of the Company on the Australian Stock Exchange at the date the options are exercised. The maximum values presented above are based on the assumption that the share price on the date the option is exercised does not exceed the share price as set out in the following table:

Date of issue	Option type	Share price
4 December 2007	EPS	\$0.793
19 December 2007	EPS	\$0.799

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

The value of any options granted in the year was the fair value of the options calculated at grant date using the Black-Scholes method. This amount is allocated to remuneration over the vesting period.

The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Stock Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

The value of the options that lapsed (\$351,000) during the year represents the benefit forgone and is calculated at the date the option lapsed using the Black-Scholes method with no adjustments for whether or not the performance criteria have been achieved.

#### **Unissued Shares Under Option**

At the date of this report, unissued ordinary shares of the Company under options granted during the year ended 30 June 2008 total 5,700,000 with an exercise price of \$0.65 expiring 31 December 2013. On cessation of employment outstanding options will lapse. Options not exercised at 31 December 2013 will lapse. Vesting of options is subject to achievement of certain performance hurdles as set out in the consolidated entity's annual report. These options cannot vest prior to 30 September 2008. Options may not be exercised unless they vest.

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

## Audit Committee

As at the date of this report, the Company had an Audit Committee of the Board of Directors that met three times 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.

## 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 \$35,386. 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

During the financial year, the Company granted options for no consideration in MaxiTRANS Industries Limited to the following directors and to the following five most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted	Exercise price (\$)	Expiry date
<b>Directors</b>			
Mr M Brockhoff	2,400,000	0.65	31 December 2013
<b>Officers</b>			
Mr G Walker	800,000	0.65	31 December 2013
Mr A Wibberley	500,000	0.65	31 December 2013
Mr J Rush	500,000	0.65	31 December 2013
Mr N Zantuck	500,000	0.65	31 December 2013
Mr P Loimaranta	500,000	0.65	31 December 2013

All options were granted during the financial year. No options have been granted since the end of the financial year.

### Shares Issued on the Exercise of Options

No options were exercised during the financial year.

Further details on share options are detailed in Note 21 to the financial statements and in the Remuneration Report.

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

## Non-Audit Services

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

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

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

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 41 and forms part of this Directors' Report.

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

	Consolidated		The Company	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>Remuneration of Auditor</b>				
Remuneration of the auditor of the Company for:				
<b>KPMG Australia:</b>				
- auditing or reviewing the financial statements	234,000	248,000	65,000	53,000
- other services (taxation & advisory)	66,000	83,000	14,000	14,000
	<b>300,000</b>	<b>331,000</b>	<b>79,000</b>	<b>67,000</b>
<b>Overseas KPMG Firms:</b>				
- due diligence services	<b>120,000</b>	-	<b>120,000</b>	-

# Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2008

## Proceedings on Behalf of Company

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

## Rounding of Accounts

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

This report has been made in accordance with a resolution of the Board of Directors.



Mr. Ian Russell Davis, Director



Mr. Michael Alan Brockhoff, Director

Dated this 21st day of August 2008

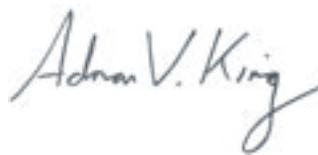
## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of MaxiTRANS Industries Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- (I) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (II) No contraventions of any applicable code of professional conduct in relation to the audit.



KPMG  
Melbourne  
21 August 2008



Adrian V. King  
Partner

# Directors Declaration

FOR THE YEAR ENDED 30 JUNE 2008

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

- (a) The financial statements and notes, including the remunerations disclosures that are contained in pages 30 to 37 of the Remuneration Report in the Directors' Report, as set out on pages 43 to 84, are in accordance with the Corporations Act 2001, including:
  - (i) Complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (ii) Giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2008 and of their performance, as represented by the results of the operations and the cash flows for the year ended on that date.
- (b) The remuneration disclosures that are contained in pages 30 to 37 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the controlled entities identified in Note 23 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 controlled entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2008.

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



Mr Ian Russell Davis, Director



Mr Michael Alan Brockhoff, Director

Dated this 21 st day of August 2008

# Income Statements

FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total revenue	2	290,740	236,553	11,781	11,364
Changes in inventories of finished goods and work in progress		3,085	(778)	-	-
Raw materials and consumables used		(175,116)	(140,948)	-	-
Other income	3	1,065	590	10	4
Employee expenses		(72,113)	(60,989)	(2,935)	(2,372)
Depreciation and amortisation expenses	4	(5,494)	(5,271)	(28)	(26)
Finance costs	4	(2,872)	(3,109)	-	-
Other expenses		(19,167)	(17,887)	(1,842)	(1,516)
Share of net profits of associates and joint ventures accounted for using the equity method	25	1,815	1,639	-	-
<b>Profit before income tax</b>		21,943	9,800	6,986	7,454
Income tax (expense)/benefit	5(a)	(5,842)	(1,782)	128	(5)
<b>Profit for the year</b>		<b>16,101</b>	<b>8,018</b>	<b>7,114</b>	<b>7,449</b>
Attributable to:					
<b>Equity holders of the parent</b>	18	<b>16,101</b>	<b>8,018</b>	<b>7,114</b>	<b>7,449</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>					
<b>Basic earnings per share (cents per share)</b>	16	<b>9.38¢</b>	<b>4.67¢</b>		
<b>Diluted earnings per share (cents per share)</b>	16	<b>9.37¢</b>	<b>4.67¢</b>		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 47 to 84.

# Statements of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Net exchange difference on translation of financial statements of foreign operations	17	(167)	(252)		-
Revaluation of land and buildings	17	6,176	-	-	-
<b>Net income recognised directly in equity</b>		<b>6,009</b>	<b>(252)</b>	<b>-</b>	<b>-</b>
Profit for the period		16,101	8,018	7,114	7,449
<b>Total recognised income and expense for the period</b>		<b>22,110</b>	<b>7,766</b>	<b>7,114</b>	<b>7,449</b>
Attributable to:					
<b>Equity holders of the parent</b>		<b>22,110</b>	<b>7,766</b>	<b>7,114</b>	<b>7,449</b>

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 47 to 84.

# Balance Sheets

AS AT 30 JUNE 2008

		Consolidated		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Current Assets</b>					
Cash and cash equivalents		1,968	1,321	-	2
Trade and other receivables	6	32,623	30,712	33,581	29,920
Inventories	7	45,070	35,394	-	-
Current tax receivable		-	465	-	453
Other	8	674	543	47	-
<b>Total Current Assets</b>		<b>80,335</b>	<b>68,435</b>	<b>33,628</b>	<b>30,375</b>
<b>Non-Current Assets</b>					
Investments accounted for using the equity method	9(a)	3,977	3,263	1,496	1,496
Investment in subsidiaries	9(b)	-	-	28,628	28,628
Property, plant & equipment	10	57,768	49,429	95	84
Intangible assets	11	33,082	34,015	-	-
Other	8	810	400	-	-
<b>Total Non-Current Assets</b>		<b>95,637</b>	<b>87,107</b>	<b>30,219</b>	<b>30,208</b>
<b>Total Assets</b>		<b>175,972</b>	<b>155,542</b>	<b>63,847</b>	<b>60,583</b>
<b>Current Liabilities</b>					
Trade and other payables	12	33,551	27,873	245	456
Interest bearing loans and borrowings	13	7,787	1,907	-	-
Income tax payable	5(e)	3,871	-	3,943	-
Provisions	14	6,969	6,424	-	-
<b>Total Current Liabilities</b>		<b>52,178</b>	<b>36,204</b>	<b>4,188</b>	<b>456</b>
<b>Non-Current Liabilities</b>					
Interest bearing loans and borrowings	13	26,755	38,799	-	-
Deferred tax liabilities	5(d)	5,355	3,549	359	207
Provisions	14	626	308	-	-
<b>Total Non-Current Liabilities</b>		<b>32,736</b>	<b>42,656</b>	<b>359</b>	<b>207</b>
<b>Total Liabilities</b>		<b>84,914</b>	<b>78,860</b>	<b>4,547</b>	<b>663</b>
<b>Net Assets</b>		<b>91,058</b>	<b>76,682</b>	<b>59,300</b>	<b>59,920</b>
<b>Equity</b>					
Issued capital	15	53,406	53,406	53,406	53,406
Reserves	17	10,701	5,274	-	-
Retained profits	18	26,951	18,002	5,894	6,514
<b>Total Equity</b>		<b>91,058</b>	<b>76,682</b>	<b>59,300</b>	<b>59,920</b>

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 47 to 84.

# Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Cash Flows from Operating Activities</b>					
Receipts from customers		334,945	249,741	3,723	3,984
Payments to suppliers & employees		(311,230)	(238,519)	(2,694)	(2,052)
Dividends received		-	-	8,000	7,375
Interest received		240	53	10	4
Interest & other costs of finance paid		(2,872)	(3,109)	-	-
Income tax paid		(2,483)	(2,623)	(1,430)	(2,398)
<b>Net Cash Provided by (Used in) Operating Activities</b>	26(a)	<b>18,600</b>	<b>5,543</b>	<b>7,609</b>	<b>6,913</b>
<b>Cash Flows from Investing Activities</b>					
Payments for property, plant & equipment		(4,253)	(3,423)	(38)	(83)
Loans (to) repaid by other entities		-	243	-	-
Payments for controlled entities		-	(675)	-	(675)
Dividends received		934	1,267	-	-
Proceeds from sale of property, plant & equipment		476	3,093	-	27
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>(2,843)</b>	<b>505</b>	<b>(38)</b>	<b>(731)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from borrowings		-	2,951	-	-
Repayment of borrowings		(3,548)	-	-	-
Loans (to) from controlled entities		-	-	585	689
Payment of finance lease liabilities		(3,404)	(1,395)	-	-
Dividends paid		(8,158)	(6,870)	(8,158)	(6,870)
<b>Net Cash Provided by (Used in) Financing Activities</b>		<b>(15,110)</b>	<b>(5,314)</b>	<b>(7,573)</b>	<b>(6,181)</b>
Net increase (decrease) in cash		647	734	(2)	1
Cash and cash equivalents at beginning of year		1,321	587	2	1
<b>Cash and cash equivalents at end of year</b>		<b>1,968</b>	<b>1,321</b>	<b>-</b>	<b>2</b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 47 to 84.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of MaxiTRANS Industries Limited (the 'Company') as at and for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity') and the Consolidated Entity's interest in associates and jointly controlled entities. The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

### Basis of preparation

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

The financial report is presented in Australian dollars.

### New standards and interpretations not early adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report.

- Revised AASB 101 Presentation of Financial Statements is applicable to annual reporting periods commencing on or after 1 January 2009. This standard results in changes to the financial statements including the replacement of the Income Statement with a Statement of Comprehensive Income. This standard will not result in any changes to the financial results but will affect how those results are presented.

- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for the annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Consolidated Entity as the standard is only concerned with disclosures.
- Interpretation 4 Determining whether an Arrangement contains a Lease is applicable to annual reporting periods beginning on or after 1 January 2008. Interpretation 4 specifies the criteria for determining whether an arrangement is, or contains, a lease.

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

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

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

Where subsidiaries 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 for which the consolidated entity has significant influence, but not control, over the associate's financial and operating policies. The financial statements include the consolidated entity's share of the total recognised gains and losses of associates on an equity accounted basis, from the date

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

that significant influence commences until the date that significant influence ceases.

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

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

## **(b) Foreign currency**

### **(i) Foreign currency transactions**

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

### **(ii) Financial statements of foreign operations**

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

## **(c) Inventories**

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

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

## **(d) Property, plant and equipment**

### **(i) Owned assets**

#### **Land and buildings**

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

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

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

## Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy j). The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads. The cost of self-constructed assets and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Certain items of property, plant and equipment that had been revalued to fair value. See note 10.

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

### (ii) Leased assets

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

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

### (iii) Depreciation

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

	2008	2007
Buildings	2.5-4.0%	2.5-4.0%
Plant and equipment	5.0-50%	5.0-50%
Leased plant and equipment	10.0-22.5%	10.0-22.5%

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

## (e) Intangibles

### (i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

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

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

In acquiring the minority interest shares in controlled entities the consolidated entity has elected to take any difference between consideration paid and the carrying value of minority interests as an adjustment to goodwill (where applicable).

### (ii) Research and development

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

feasible and the consolidated entity has sufficient resources to complete development.

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

## (iii) Other intangible assets

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

## (iv) Amortisation

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

	2008	2007
Brand names	1.0%	1.0%
Intellectual property	2.0-10.0%	2.0-10.0%
Patents & trademarks	5.0-33.3%	5.0-33.3%

## (f) Trade and other receivables

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

## (g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are

repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## (h) Impairment

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

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

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

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

## (i) Calculation of recoverable amount

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the

estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### **(j) Reversals of impairment**

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

An impairment loss in respect of goodwill is not reversed.

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

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

#### **(k) Interest-bearing borrowings**

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

#### **(l) Employee benefits**

##### **(i) Defined contribution superannuation funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

##### **(ii) Long-term service benefits**

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

##### **(iii) Share based payments transactions**

MaxiTRANS Industries Limited grants options from time to time to certain employees under the Executive Option Plan.

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

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

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## (m) Provisions

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

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

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

## (n) Warranties

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

## (p) Tax consolidation

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

## (o) Income tax

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

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

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

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

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

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses assumed by the head entity from the subsidiaries in the tax consolidated group are recognised as amounts receivable or payable to other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution to or distribution from the subsidiary.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

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

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

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

**(r) Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after

excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

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

**(s) Revenue**

**(i) Revenue from the sale of goods**

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

**(ii) Revenue from the rendering of services**

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

**(iii) Dividend income**

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

**(t) Goods and services tax**

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

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheets.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## (u) Trade and other payables

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

## (v) Expenses

### (i) Operating lease payments

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

### (ii) Finance lease payments

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

### (iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is the ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

## (w) Derivative financial instruments

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

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

## (x) Accounting estimates and judgements

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

### (i) Impairment of goodwill and intangibles

The Consolidated Entity assesses whether goodwill and intangibles are impaired at least annually in accordance with the accounting policy in note 11. These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

### (ii) Warranty provision

The calculation of the provision for warranty claims involves estimation surrounding future warranty claims, based primarily on the past warranty experience and the likelihood of claims being made during the respective warranty period.

**(y) Financial Risk Management**

**(i) Overview**

The Company and Consolidated Entity have exposure to credit, market and liquidity risks associated with the use of financial instruments.

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

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

The Company and the Consolidated Entity do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Consolidated Entity's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates and

interest rates. The carrying value of financial assets and financial liabilities recognised in the accounts approximate their fair value with the exception of borrowings which are recorded at amortised cost.

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

**(ii) Capital Management**

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

The Board monitors the earnings per share and the levels of dividends to ordinary shareholders together with the net debt/equity ratio, which at 30 June 2008 was 38% (2007: 53%). The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages afforded by a sound capital position.

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>2. REVENUE</b>				
Sale of goods	285,113	230,368	-	-
Rendering of services	5,627	6,185	3,781	3,989
Dividends received from wholly - owned controlled entities	-	-	8,000	7,000
Dividends received from associate	-	-	-	375
<b>Total Revenue</b>	<b>290,740</b>	<b>236,553</b>	<b>11,781</b>	<b>11,364</b>
<b>3. OTHER INCOME</b>				
Interest revenue from other parties	240	53	10	4
Profit on sale of land and buildings	825	537	-	-
<b>Total Other Income</b>	<b>1,065</b>	<b>590</b>	<b>10</b>	<b>4</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>4. PROFIT FROM ORDINARY ACTIVITIES</b>				
Profit from ordinary activities before related income tax expense has been determined after charging/(crediting) the following items:				
<b>Cost of goods sold</b>	221,338	186,690	-	-
<b>Finance costs:</b>				
- interest – bank loans and overdraft	2,571	2,744	-	-
- finance lease charges	301	365	-	-
<b>Total finance costs</b>	2,872	3,109	-	-
<b>Depreciation:</b>				
- property	437	449	-	-
- plant and equipment	3,300	2,986	28	26
<b>Total depreciation</b>	3,737	3,435	28	26
<b>Amortisation of non-current assets:</b>				
- intellectual property	819	818	-	-
- brand names	69	69	-	-
- patents and trademarks	45	45	-	-
- capitalised leased assets	824	904	-	-
<b>Total amortisation</b>	1,757	1,836	-	-
<b>Net expenses from movements in provision for:</b>				
- employee entitlements	714	(162)	-	-
- warranty	150	310	-	-
- other	927	105	-	-
<b>Net expense resulting from movements in provisions</b>	1,791	253	-	-
<b>Rental expense on operating leases</b>	2,113	2,036	42	42
<b>Research and development expenditure written off as incurred</b>	826	411	-	-
<b>Crediting as income:</b>				
<b>Net (gain)/loss on disposal of:</b>				
- property plant and equipment	(1,011)	(632)	-	5

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>5. TAXATION</b>				
<b>(a) Income tax</b>				
Numerical reconciliation between tax expense and pre-tax net profit				
Prima facie tax payable on operating profit at 30% (2007: 30%)	6,583	2,940	2,096	2,236
Add/(deduct) tax effect of:				
Research & development allowance	(450)	(371)	-	-
Non deductible expenses	116	76	49	56
Income tax expense related to current and deferred tax transactions of the wholly-owned subsidiaries in the tax consolidated group	-	-	5,630	1,758
Recovery of income tax expense under a tax sharing agreement	-	-	(5,630)	(1,758)
Associate equity accounted income	(545)	(492)	-	(112)
Effect of tax rate change in foreign jurisdiction	101	40	-	-
Sundry items	(4)	(62)	-	-
Prior year adjustments	(86)	(274)	-	-
Non assessable dividend income	-	-	(2,400)	(2,100)
Share based payments	127	(75)	127	(75)
	(741)	(1,158)	(2,224)	(2,231)
<b>Income tax expense in income statement</b>	<b>5,842</b>	<b>1,782</b>	<b>(128)</b>	<b>5</b>
Income tax expense attributable to operating profit is made up of:				
Current tax expense	4,998	2,036	(73)	(144)
Deferred tax expense				
- origination and reversal of temporary difference	992	(22)	(55)	149
- prior year adjustment – current year	(86)	(274)	-	-
- prior year adjustment – deferred differences	(62)	42	-	-
Income tax expense in income statement	5,842	1,782	(128)	5

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>5. TAXATION (CONTINUED)</b>				
<b>(c) Deferred tax assets</b>				
The deferred tax assets are made up of the following estimated tax benefits:				
- Provisions and accrued employee benefits not currently deductible	3,501	2,471	36	11
- Leases	156	115	-	9
- Depreciation and amortisation	56	53	-	-
- Carry forward losses	6	94	6	94
- Intellectual property	312	433	-	-
- Net tax (asset)/liabilities	(4,031)	(3,166)	(42)	(114)
	-	-	-	-
Balance at beginning of year	-	23	-	-
Reversal of prior period offset	3,166	3,379	114	86
Recognised in income	865	(236)	(72)	28
Net tax (asset)/liabilities	(4,031)	(3,166)	(42)	(114)
	-	-	-	-
<b>(d) Deferred tax liabilities</b>				
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	-	120	-	-
- Difference in amortisation of intangibles for income tax and accounting purposes	3,698	3,666	396	317
- Deferred expenses	78	107	-	-
- Depreciation and amortisation	5,099	2,641	5	4
- Other	511	181	-	-
- Net tax (asset)/liabilities	(4,031)	(3,166)	(42)	(114)
	<b>5,355</b>	<b>3,549</b>	<b>359</b>	<b>207</b>
Balance at beginning of year	3,549	3,462	207	152
Reversal of prior period offset	3,166	3,379	114	86
Recognised in income	33	(126)	80	83
Recognised in equity	2,638	-	-	-
- Net tax (asset)/liabilities	(4,031)	(3,166)	(42)	(114)
	<b>5,355</b>	<b>3,549</b>	<b>359</b>	<b>207</b>

## 5. TAXATION (CONTINUED)

### (e) Current tax asset - receivable/(liabilities - payable)

The current tax asset/(liability) for the Consolidated Entity of (\$3,871,000) (2007: \$465,000) and for the Company of (\$3,972,000) (2007: \$453,000) represent the amount of income taxes receivable/(payable) in respect of current and prior financial periods. In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax receivable/(liability) initially recognised by the members in the tax-consolidated group.

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>6. TRADE AND OTHER RECEIVABLES</b>				
Trade debtors <sup>(i)</sup>	31,039	30,333	-	-
Provision for impairment loss	(159)	(92)	-	-
	30,880	30,241	-	-
Other debtors	1,743	471	-	-
Amounts receivable from:				
- controlled entities	-	-	33,581	29,920
<b>Total trade and other receivables</b>	<b>32,623</b>	<b>30,712</b>	<b>33,581</b>	<b>29,920</b>

(i) Selected trade debtors' invoices of a controlled entity are pledged as security for the "Invoice finance" facility. As at 30 June 2008 \$5,404,000 (2007: \$122,000) was drawn under this facility.

	Consolidated	
	2008 \$'000	2007 \$'000
<b>Impairment losses</b>		
Not past due	24,615	24,686
Past due 0 - 30 days	5,659	4,895
Past due 31 - 60days	468	489
Past due 61 days	297	263
	<b>31,039</b>	<b>30,333</b>
The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:		
Balance at 1 July	92	88
Impairment loss recognised	145	84
Bad debts	(78)	(80)
<b>Balance at 30 June</b>	<b>159</b>	<b>92</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>7. INVENTORIES</b>				
Second-hand units – at cost	3,046	1,842	-	-
Finished goods – at cost	21,717	15,497	-	-
Work in progress – at cost	4,626	4,996	-	-
Raw materials – at cost	16,260	13,787	-	-
Less: provision for impairment loss	(579)	(728)	-	-
<b>Total inventories</b>	<b>45,070</b>	<b>35,394</b>	-	-
<b>8. OTHER ASSETS</b>				
Current				
Employee expense advances	4	8	-	-
Prepayments	670	535	47	-
	<b>674</b>	<b>543</b>	<b>47</b>	-
Non-current				
Other debtors	810	400	-	-
	<b>810</b>	<b>400</b>	-	-
<b>9. INVESTMENTS</b>	<b>Note</b>			
Non-current				
(a) Investments accounted for using the equity method				
- associated entities	25	3,977	3,263	-
Investments at cost	25	-	-	1,496
	<b>3,977</b>	<b>3,263</b>	<b>1,496</b>	<b>1,496</b>
(b) Investments in controlled entities – at cost	23	-	-	28,628
				<b>28,628</b>

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>10. PROPERTY PLANT &amp; EQUIPMENT</b>				
<b>Land and Buildings</b>				
Land and buildings at fair value	39,698	32,425	-	-
Accumulated depreciation	-	(433)	-	-
<b>Total land and buildings</b>	<b>39,698</b>	<b>31,992</b>	<b>-</b>	<b>-</b>
<b>Plant and Equipment</b>				
Plant & equipment at cost	26,468	19,949	32	31
Accumulated depreciation	(13,818)	(9,995)	(7)	(2)
	12,650	9,954	25	29
Office equipment at cost	3,982	4,133	139	100
Accumulated depreciation	(2,956)	(3,123)	(69)	(45)
	1,026	1,010	70	55
Leased plant & equipment	3,353	7,467	-	-
Accumulated depreciation	(886)	(2,597)	-	-
	2,467	4,870	-	-
Capital work in progress	1,927	1,603	-	-
<b>Total plant and equipment</b>	<b>18,070</b>	<b>17,437</b>	<b>95</b>	<b>84</b>
<b>Total property plant and equipment</b>	<b>57,768</b>	<b>49,429</b>	<b>95</b>	<b>84</b>

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

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

#### Reconciliations

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

#### Land and buildings

Carrying amount at the beginning of year	31,992	34,209	-	-
Disposal	(675)	(1,964)	-	-
Additions	-	200	-	-
Fair value increment	8,814	-	-	-
Depreciation	(437)	(449)	-	-
Exchange rate variance	4	(4)	-	-
<b>Carrying amount at the end of year</b>	<b>39,698</b>	<b>31,992</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Plant and equipment</b>				
Carrying amount at the beginning of year	9,954	10,372	29	-
Additions	561	395	-	31
Transfers from capital works in progress	2,792	1,708	-	-
Transfers (to)/from leased plant and equipment	2,336	146	-	-
Disposals	(244)	(383)	-	-
Depreciation	(2,750)	(2,303)	(5)	(2)
Exchange rate variance	1	19	-	-
<b>Carrying amount at the end of year</b>	<b>12,650</b>	<b>9,954</b>	<b>24</b>	<b>29</b>
<b>Office equipment</b>				
Carrying amount at the beginning of year	1,010	1,442	55	27
Additions	575	265	38	52
Disposals	(10)	(11)	-	-
Depreciation	(550)	(683)	(23)	(24)
Exchange rate variance	1	(3)	-	-
<b>Carrying amount at the end of year</b>	<b>1,026</b>	<b>1,010</b>	<b>70</b>	<b>55</b>
<b>Leased plant and equipment</b>				
Carrying amount at the beginning of year	4,870	4,270	-	23
Additions	793	1,767	-	-
Disposals	(36)	(116)	-	(23)
Transfers from/(to) plant and equipment	(2,336)	(146)	-	-
Amortisation	(824)	(905)	-	-
<b>Carrying amount at the end of year</b>	<b>2,467</b>	<b>4,870</b>	<b>-</b>	<b>-</b>
<b>Capital works in progress</b>				
Carrying amount at the beginning of year	1,603	815	-	-
Additions	3,117	2,496	-	-
Transfers to property, plant and equipment	(2,792)	(1,708)	-	-
<b>Carrying amount at the end of year</b>	<b>1,928</b>	<b>1,603</b>	<b>-</b>	<b>-</b>

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>11. INTANGIBLES</b>				
Goodwill at cost	9,752	9,752	-	-
Brand names at cost	6,930	6,930	-	-
Accumulated amortisation	(553)	(484)	-	-
	6,377	6,446	-	-
Intellectual property at cost	22,649	22,649	-	-
Accumulated amortisation	(6,364)	(5,545)	-	-
	16,285	17,104	-	-
Patents and trademarks at cost	891	891	-	-
Accumulated amortisation	(223)	(178)	-	-
	668	713	-	-
<b>Total Intangibles</b>	<b>33,082</b>	<b>34,015</b>	<b>-</b>	<b>-</b>
Impairment tests for Goodwill				
Segment level summary of the goodwill allocation				
New trailer and tipper units	3,806	3,806	-	-
Parts and service	5,946	5,946	-	-
	<b>9,752</b>	<b>9,752</b>	<b>-</b>	<b>-</b>

Goodwill is allocated to the group's cash-generating units (CGU's) identified according to the business segment.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on most recent budgeted projections extrapolated using estimated growth rates. The growth rate used is 4% which is based on the Australian Government, Department of Transport and Regional Services, 2004 Auslink White Paper and the pre-tax discount rate used is 17% (2007: 17%). Any change in assumptions may impact the value-in-use calculation and therefore the carrying value of goodwill and other relevant assets.

<b>12. TRADE AND OTHER PAYABLES</b>				
Trade creditors	27,090	23,547	12	23
Other creditors and accruals	6,461	4,326	233	433
<b>Total trade and other payables</b>	<b>33,551</b>	<b>27,873</b>	<b>245</b>	<b>456</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>13. INTEREST BEARING LOANS AND BORROWINGS</b>					
<b>Current</b>					
Invoice Finance & overdraft	30(e)	6,932	-	-	-
Lease liability	27(a)	855	1,907	-	-
<b>Total current interest bearing liabilities</b>		<b>7,787</b>	<b>1,907</b>	<b>-</b>	<b>-</b>
<b>Non Current</b>					
Bank loans – secured	30(e)	24,935	35,415	-	-
Lease liability	27(a)	1,820	3,384	-	-
<b>Total non-current interest bearing liabilities</b>		<b>26,755</b>	<b>38,799</b>	<b>-</b>	<b>-</b>
<b>14. PROVISIONS</b>					
<b>Current</b>					
Employee entitlements		5,604	5,209	-	-
Warranty		1,365	1,215	-	-
<b>Total current provisions</b>		<b>6,969</b>	<b>6,424</b>	<b>-</b>	<b>-</b>
<b>Non Current</b>					
Employee entitlements		626	308	-	-
<b>Aggregate employee entitlements liability</b>		<b>6,230</b>	<b>5,517</b>	<b>-</b>	<b>-</b>
<b>Reconciliations</b>					
Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below:					
<b>Warranty</b>					
Carrying amount at beginning of year		1,215	859	-	-
Provisions made during the year		150	356	-	-
<b>Carrying amount at end of year</b>		<b>1,365</b>	<b>1,215</b>	<b>-</b>	<b>-</b>

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Number of employees at year end</b>	<b>1,098</b>	<b>992</b>	<b>12</b>	<b>12</b>

	Consolidated		The Company	
	2008	2007	2008	2007
<b>15. SHARE CAPITAL</b>				
171,742,155 (2007: 171,742,155) fully paid ordinary shares	53,406	53,406	53,406	53,406
<b>Total</b>	<b>53,406</b>	<b>53,406</b>	<b>53,406</b>	<b>53,406</b>

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

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

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

## 16. EARNINGS PER SHARE

### Classification of securities as potential shares

The options outstanding under the Executive Option Plan have been classified as potential ordinary shares and included in diluted earnings per share only.

	Consolidated	
	2008 - \$'000	2007 - \$'000
<b>Earnings reconciliation</b>		
Net profit	16,101	8,018

	Consolidated	
	2008 - Number	2007 - Number
<b>Weighted average number of shares</b>		
Number for basic earnings per share		
- ordinary shares	171,742,155	171,742,155
Effect of executive share options	103,624	-
<b>Number for diluted earnings per share</b>	<b>171,845,779</b>	<b>171,742,155</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>17. RESERVES</b>				
Foreign currency translation	(428)	(261)	-	-
Asset revaluation	11,129	5,535	-	-
<b>Total</b>	<b>10,701</b>	<b>5,274</b>	-	-
 <b>Foreign currency translation reserve</b>				
- movements during the year				
Balance at beginning of year	(261)	(9)	-	-
Net exchange difference on translation of foreign associate	(167)	(252)	-	-
	<b>(428)</b>	<b>(261)</b>	-	-
 <b>Asset revaluation reserve – movements during the year</b>				
Balance at beginning of the year	5,535	5,535	-	-
Revaluation of land and buildings	8,814	-	-	-
Deferred tax liability	(2,638)	-	-	-
Transfer to Retained Earnings	(582)	-	-	-
	<b>11,129</b>	<b>5,535</b>	-	-

## Nature and purpose of reserves

### Foreign currency translation reserve

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

### Asset revaluation reserve

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

<b>18. RETAINED PROFITS</b>	<b>Note</b>				
Retained profits at beginning of year		18,002	17,104	6,514	6,185
Net profit attributable to members of the parent entity		16,101	8,018	7,114	7,449
Share based payments		424	(250)	424	(250)
Dividends	19	(8,158)	(6,870)	(8,158)	(6,870)
Transfer from reserves		582	-	-	-
<b>Retained profits at end of year</b>		<b>26,951</b>	<b>18,002</b>	<b>5,894</b>	<b>6,514</b>

## 19. DIVIDENDS

Dividends proposed or paid are:

	Cents per share	Total amount \$'000	Date of payment	Tax rate for franking credit	Percent franked
<b>2008</b>					
Final – ordinary <sup>(1)</sup>	2.75	4,723	10 October 2008	30% (Class C)	100%
Interim - ordinary	2.75	4,723	21 April 2008	30% (Class C)	100%
<b>Total franked amount</b>	<b>5.00</b>	<b>9,446</b>			
<b>2007</b>					
Final – ordinary	2.0	3,435	16 October 2007	30% (Class C)	100%
Interim - ordinary	2.0	3,435	20 April 2007	30% (Class C)	100%
<b>Total franked amount</b>	<b>4.0</b>	<b>6,870</b>			

<sup>(1)</sup> The financial effect of this dividend has not been brought to account in the Consolidated Entity financial statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.

### 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 DRP was suspended effective 21 February 2005.

### Dividend franking account

	The Company	
	2008 \$'000	2007 \$'000
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	5,888	3,143

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

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$2,024,000 (2007: \$1,472,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of \$5,888,000 (2007: \$3,143,000) franking credits.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## 20. SEGMENT INFORMATION

It is the Consolidated Entity's policy that inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Year ended 30 June 2008

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External segment revenue	241,292	47,043	2,405	-	290,740
Inter-segment revenue	2,837	6,120	-	[8,957]	-
<b>Total segment revenue</b>	<b>244,129</b>	<b>53,163</b>	<b>2,405</b>	<b>[8,957]</b>	<b>290,740</b>
<b>Result</b>					
Segment result	21,005	2,716	116	-	23,837
Share of net profit of equity accounted investments					1,815
Unallocated corporate expenses					(3,709)
Profit before related income tax expense					21,943
Income tax expense					(5,842)
<b>Net profit</b>					<b>16,101</b>
Depreciation and amortisation	4,274	983	7	-	5,264
Unallocated depreciation and amortisation					230
<b>Total depreciation and amortisation</b>					<b>5,494</b>
<b>Assets</b>					
Segment assets	131,166	34,194	1,312	-	166,672
Unallocated corporate assets					9,300
<b>Consolidated total assets</b>					<b>175,972</b>
<b>Liabilities</b>					
Segment liabilities	14,533	3,923	-	-	18,456
Unallocated corporate liabilities					66,458
<b>Consolidated total liabilities</b>					<b>84,914</b>
Capital expenditure	3,397	1,205	36	-	4,638
Unallocated capital expenditure					408
<b>Consolidated capital expenditure</b>					<b>5,046</b>

## 20. SEGMENT INFORMATION (CONTINUED)

Year ended 30 June 2007

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>					
External segment revenue	189,060	42,976	4,517	-	236,553
Inter-segment revenue	2,528	4,102	-	(6,630)	-
<b>Total segment revenue</b>	<b>191,588</b>	<b>47,078</b>	<b>4,517</b>	<b>(6,630)</b>	<b>236,553</b>
<b>Result</b>					
Segment result	9,690	959	289	-	10,938
Share of net profit of equity accounted investments					1,639
Unallocated corporate expenses					(2,777)
Profit before related income tax expense					9,800
Income tax expense					(1,782)
<b>Net profit</b>					<b>8,018</b>
Depreciation and amortisation	3,934	1,066	7	-	5,007
Unallocated depreciation and amortisation					264
<b>Total depreciation and amortisation</b>					<b>5,271</b>
<b>Assets</b>					
Segment assets	115,944	30,121	1,305	-	147,370
Unallocated corporate assets					8,172
<b>Consolidated total assets</b>					<b>155,542</b>
<b>Liabilities</b>					
Segment liabilities	11,631	5,316	-	-	16,947
Unallocated corporate liabilities					61,913
<b>Consolidated total liabilities</b>					<b>78,860</b>
Capital expenditure	4,147	676	2	-	4,825
Unallocated capital expenditure					298
<b>Consolidated capital expenditure</b>					<b>5,123</b>

### Geographical segments

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## 21. EXECUTIVE SHARE OPTIONS PLANS

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

Each option granted under the EOP is convertible to one ordinary share. The exercise price of options granted under the EOP is 65 cents.

The final exercise date for options granted under the EOP is 31 December 2013. Options not exercised by 31 December 2013 will lapse. On cessation of employment with the Company, options that have not vested with the executive on the date of cessation of employment will lapse. No option is capable of exercise unless it vests.

In each of the financial years ended 30 June 2008, 30 June 2009 and 30 June 2010, one third of options granted to each executive will vest if the Company achieves its target earnings per share for that financial year.

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

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting and dividend rights will attach to the ordinary shares which are issued when the options have been exercised. The options will not be listed on the Australian Stock Exchange ("ASX"). The Company will apply to the ASX to obtain listing and quotation of all shares issued on the exercise of options.

### Summary of options over unissued ordinary shares

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

#### Consolidated and Company 2008

Grant date	Exercise date on or after	Expiry date	Exercise price (cents)	No of options at beginning of year	Options granted	Options lapsed	No of options on issue at end of year	Proceeds received (\$)
<b>Former Executive Options Plan approved 4 November 2004</b>								
18 Mar 2005 31 Mar 2005	30 Sep 2007	31 Dec 2008	75	1,940,000	-	1,940,000	-	-
<b>Director and Executive Options approved 19 October 2007</b>								
4 Dec 2007 19 Dec 2007	30 Sep 2008	31 Dec 2013	65	-	1,900,000		1,900,000	-
4 Dec 2007 19 Dec 2007	30 Sep 2009	31 Dec 2013	65	-	1,900,000		1,900,000	-
4 Dec 2007 19 Dec 2007	30 Sep 2010	31 Dec 2013	65	-	1,900,000		1,900,000	-
				1,940,000	5,700,000	1,940,000	5,700,000	-

No options vested during the period. No options were granted, vested or were exercised in the year ended 30 June 2007.

## 21. EXECUTIVE SHARE OPTIONS PLANS (CONTINUED)

### Consolidated and Company 2007

Grant date	Exercise date on or after	Expiry date	Exercise price (cents)	No of options at beginning of year	Options granted	Options lapsed	No of options on issue at end of year	Proceeds received (\$)
18 Mar 2005 } 31 Mar 2005 }	30 Sep 2005	31 Dec 2008	75	1,190,000	-	1,190,000	-	-
18 Mar 2005 } 31 Mar 2005 }	30 Sep 2006	31 Dec 2008	75	1,190,000	-	1,190,000	-	-
18 Mar 2005 } 31 Mar 2005 }	30 Sep 2007	31 Dec 2008	75	3,570,000	-	1,630,000	1,940,000	-
<b>Total</b>				<b>5,950,000</b>	<b>-</b>	<b>4,010,000</b>	<b>1,940,000</b>	<b>-</b>

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

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

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

Employee Expenses	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Share Options granted in 2005	-	(250)	-	(250)
Share Options granted in 2007	424	-	424	-
<b>Total share based payment (income) expense recognised as employee costs</b>	<b>424</b>	<b>(250)</b>	<b>424</b>	<b>(250)</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## 22. RELATED PARTY DISCLOSURES

### (a) Equity interests in related parties

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

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

### (b) 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 2 to the financial statements.

Amounts receivable from wholly-owned controlled entities are disclosed in Note 6 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, sales of parts, rental of premises and management services. These transactions are in the normal course of business and on normal commercial terms and conditions.

### (c) Directors and key management personnel disclosures

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

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

#### Non-executive directors

- Mr I Davis (Chairman)
- Mr J Curtis (Deputy Chairman)
- Mr G Lord

#### Executive directors

- Mr M Brockhoff (Managing Director)

#### Executives

##### Company:

- Mr Marcello Mattia (Chief Financial Officer and Company Secretary) - Appointed 5 May 2008
- Mr J Nolan (Chief Financial Officer) - resigned 29 February 2008
- Mr G Walker (General Manager – Manufacturing)

##### Consolidated:

- Mr A Wibberley (General Manager – Lusty EMS Pty Ltd)
- Mr J Rush (General Manager – Hamelex White)
- Mr Neil Zantuck (General Manager – Vic Branch) - Appointed 8 October 2007
- Mr P Loimaranata (General Manager – Colrain Pty Ltd) - Appointed 1 December 2007

## 22. RELATED PARTY DISCLOSURES (CONTINUED)

### (d) Directors' and executives' holdings of shares and share options

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

#### 2008 Shares

MaxiTRANS Industries Limited	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
<b>Directors:</b>				
Mr M Brockhoff	2,229,000	-	-	2,229,000
Mr I Davis	1,062,200	50,000	-	1,112,000
Mr J Curtis	19,935,375	400,000	-	20,335,375
Mr G Lord	3,934,414	100,000	-	4,034,414

#### 2007 Shares

MaxiTRANS Industries Limited	Held at 1 July 2006	Purchases	Sales	Held at 30 June 2007
<b>Directors:</b>				
Mr M Brockhoff	2,229,000	-	-	2,229,000
Mr I Davis	1,062,200	-	-	1,062,000
Mr J Curtis	19,935,375	-	-	19,935,375
Mr G Lord	3,934,414	-	-	3,934,414
<b>Executives:</b>				
Mr J Nolan	593,850	100,000	-	693,850

#### Options

Details of directors and executives options are set out in the Remuneration Report on pages 35 to 37.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## 22. RELATED PARTY DISCLOSURES (CONTINUED)

### (e) Directors' transactions in shares and share options

Directors and their related entities acquired 550,000 existing ordinary shares in MaxiTRANS Industries Limited.

### (f) Individual directors' and executives' compensation disclosure

Details of directors' and executives' remuneration and retirement benefits are disclosed in the Remuneration Report on pages 33 and 34.

### (g) Directors and other key management personnel transactions

MaxiTRANS Industries Limited and controlled entities paid legal fees of \$164,000 (2007: \$403,000) to Minter Ellison of which Mr I. Davis is a senior partner. All dealings were in the ordinary course of business and on normal commercial terms and conditions. Amounts owing at year end total \$6,000 (2007: \$2,000).

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

### (i) Key management personnel benefits

The key management personnel compensation included in remuneration (see Remuneration Report on pages 30 to 37) are as follows:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Short-term employee benefits	1,666	1,875	1,086	1,210
Termination benefits	-	58	-	-
Post-employment benefits	163	187	113	131
Share based payment benefits	386	-	236	-
	2,215	2,120	1,435	1,341

## 23. INVESTMENT IN CONTROLLED ENTITIES

### Particulars in relation to controlled entities

	Country of incorp.	Class of shares	Interest held	
			2008 %	2007 %
<b>The Company:</b> MaxiTRANS Industries Limited				
<b>Controlled entities of MaxiTRANS Industries Limited:</b>				
MaxiTRANS Australia Pty Ltd	Aust.	Ord.	100	100
Transtech Research Pty Ltd	Aust.	Ord.	100	100
Trail Truck Parts Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Industries (N.Z.) Pty Ltd	Aust.	Ord.	100	100
Peki Pty Ltd	Aust.	Ord.	100	100
Ultraparts Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Services Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Finance Pty Ltd	Aust.	Ord.	100	100
Lusty EMS Pty Ltd	Aust.	Ord.	100	100
Hamelex White Pty Ltd	Aust.	Ord.	100	100
Colrain Pty Ltd	Aust.	Ord.	100	100
– Colrain Queensland Pty Ltd	Aust.	Ord.	100	100
– Colrain (Albury) Pty Ltd	Aust.	Ord.	100	100
– Colrain (Ballarat) Pty Ltd	Aust.	Ord.	100	100
– Colrain (Geelong) Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS (China) Limited	Hong Kong	Ord.	100	-

## 24. DEED OF CROSS GUARANTEE

The Company, together with its subsidiaries, MaxiTRANS Australia Pty Ltd, Transtech Research Pty Ltd, Lusty EMS Pty Ltd, Peki Pty Ltd 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 30 June 2006.

A consolidated income statement and consolidated balance sheet comprising the Company and subsidiaries which are a party to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2008 is set out below.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## 24. DEED OF CROSS GUARANTEE (CONTINUED)

	Consolidated	
	2008 \$'000	2007 \$'000
<b>Summarised income statement and retained profits</b>		
Profit before income tax	18,193	8,017
Income tax (expense)/benefit	(4,712)	(1,246)
<b>Profit from continuing operations</b>	<b>13,481</b>	<b>6,771</b>
Retained profits at the beginning of the year	20,622	18,353
Share based payments	424	(250)
Dividends	(8,158)	(6,870)
Transfer from reserves	582	
<b>Retained profits at the end of the year</b>	<b>26,951</b>	<b>18,004</b>
<b>Consolidated balance sheet</b>		
Cash assets	1,278	553
Receivables	39,237	33,570
Inventories	30,668	23,329
Other	643	522
<b>Total Current Assets</b>	<b>71,826</b>	<b>57,974</b>
Investments accounted for using the equity method	3,977	3,263
Investment in subsidiaries	12,576	12,576
Property, plant & equipment	56,467	48,095
Intangible assets	25,825	28,181
Deferred tax assets	-	-
Other	810	400
<b>Total Non-Current Assets</b>	<b>99,655</b>	<b>92,515</b>
<b>Total Assets</b>	<b>171,481</b>	<b>150,489</b>
Accounts payable	31,112	24,135
Interest bearing loans and borrowings	855	1,694
Current tax liabilities	3,588	391
Provisions	6,422	5,875
<b>Total Current Liabilities</b>	<b>41,977</b>	<b>32,095</b>
Interest bearing loans and borrowings	33,687	38,779
Deferred tax liabilities	4,133	2,623
Provisions	626	308
<b>Total Non-Current Liabilities</b>	<b>38,446</b>	<b>41,710</b>
<b>Total Liabilities</b>	<b>80,423</b>	<b>73,805</b>
<b>Net Assets</b>	<b>91,058</b>	<b>76,684</b>
Issued capital	53,406	53,406
Reserves	10,701	5,274
Retained profits	26,951	18,004
<b>Total Equity</b>	<b>91,058</b>	<b>76,684</b>

## 25. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in associates

Name of Entity	Principal Activity	Ownership Interest		Consolidated Carrying Amount		The Company Carrying Amount	
		2008 %	2007 %	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Freighter Maxi-Cube Queensland Pty Ltd	Trailer retailer	36.67	36.67	1,818	1,410	-	-
Yangzhou Maxi-Cube Tong Composites Co. Limited	Panel manufacturer	50.00	50.00	2,159	1,853	1,496	1,496
				3,977	3,263	1,496	1,496

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

	Revenues (100%)	Profit (100%)	Share of associates profit recognised	Total assets	Total liabilities	Net assets as reported by associates	Share of associates net assets equity accounted
2008	66,618	4,607	1,815	18,383	10,234	8,149	3,563
2007	61,148	4,058	1,639	17,295	10,869	6,426	2,910

						Consolidated	
						2008 \$'000	2007 \$'000

### Movements in carrying amounts of investments in associates

Carrying amount of investments in associates at the beginning of the financial year	3,263	3,143
Profit distribution from associates	(934)	(1,267)
Share of associates' profit and loss	1,815	1,639
Share of increment (decrement) in foreign currency reserves	(167)	(252)

Carrying amount of investments in associates at end of year	3,977	3,263
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### Results of associates

Share of associates profit and loss before income tax	2,498	2,179
Share of associates income tax expense relating to profit and loss from ordinary activities	(683)	(540)
Share of associates net profits using the equity method	1,815	1,639

### 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	1,313	941
Share of associates net profits using the equity method	1,815	1,639
Profits distributed from associates	(934)	(1,267)

Share of associates retained profits at end of year	2,194	1,313
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# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

## Commitments

The share of associates capital commitments contracted but not provided for or payable within one year was \$37,000 at 30 June 2008 (2007: \$13,000).

## 26. NOTE TO THE STATEMENTS OF CASH FLOWS

### (a) Reconciliation of cash flow from operations with operating profit / (loss) after tax

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit for the period	16,101	8,018	7,114	7,449
<b>Non cash flows in operating profit</b>				
Depreciation/amortisation of assets	5,494	5,271	28	26
(Profit)/loss on sale of fixed assets	(1,011)	(632)	-	-
Share of associates (profit)/loss	(1,815)	(1,639)	-	-
Executive share options expense	424	(250)	424	(250)
<b>Change in assets &amp; liabilities</b>				
(Increase)/decrease in receivables	(481)	(8,156)	-	-
(Increase)/decrease in other assets	(545)	(45)	(47)	-
(Increase)/decrease in inventories	(9,833)	105	-	-
Increase/(decrease) in accounts payable and other liabilities	5,673	3,841	(211)	120
Increase/(decrease) in income tax payable	4,336	(989)	178	(484)
Increase/(decrease) in deferred taxes	(831)	110	123	52
Increase/(decrease) in provisions	1,088	(91)	-	-
<b>Net cash from operating activities</b>	<b>18,600</b>	<b>5,543</b>	<b>7,609</b>	<b>6,913</b>

### (b) Non-cash financing and investing activities

Acquisition of plant & equipment by means of finance leases	793	1,694	-	-
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These acquisitions are not reflected in the statements of cash flows.

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

## 27. CAPITAL AND LEASING COMMITMENTS

### (a) Finance lease commitments

<b>Payable</b>				
- not later than 1 year	1,015	1,992	-	-
- later than 1 year	2,156	3,988	-	-
Minimum lease payments	3,171	5,980	-	-
Future finance charges	(496)	(689)	-	-
<b>Total lease liability</b>	<b>2,675</b>	<b>5,291</b>	-	-

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

<b>Future operating lease rentals not provided for in the financial statements and payable:</b>				
- not later than 1 year	1,253	645	-	-
- later than 1 year but not later than 5 years	1,486	1,375	-	-
<b>Total operating lease commitments</b>	<b>2,739</b>	<b>2,020</b>	-	-

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

<b>Contracted but not provided for and payable</b>				
not later than 1 year	925	439	-	-

## 28. CONTINGENT LIABILITIES

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated		The Company	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>29. REMUNERATION OF AUDITOR</b>				
Remuneration of the auditor of the Company for:				
KPMG Australia				
- auditing or reviewing the financial statements	234,000	248,000	65,000	53,000
- other services (taxation & advisory)	66,000	83,000	14,000	14,000
	<b>300,000</b>	<b>331,000</b>	<b>79,000</b>	<b>67,000</b>
Overseas KPMG Firms				
- Due diligence services	120,000	-	120,000	-

## 30. FINANCIAL INSTRUMENTS

### (a) Significant accounting policies

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

### (b) Interest rate risk

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

As at reporting date the Consolidated Entity and Company had the following financial assets and liabilities exposed to interest rate risk that are not designated in a cash flow hedging relationship.

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>INTEREST RATE RISK</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	1,968	1,321	-	2
<b>Financial Liabilities</b>				
Fixed rate instruments	7,175	11,791	-	-
Borrowings not in a hedging relationship	27,367	28,915	-	-

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

	Consolidated		The Company	
	Net Profit after tax		Net Profit after tax	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Judgement of reasonably possible movements</b>				
100bp increase with all other variables held constant	(191)	(202)	-	-
100bp decrease with all other variables held constant	191	202	-	-

#### (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 a 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.

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	
	2008 \$'000	2007 \$'000
<b>Financial assets</b>		
Recognised financial assets		
Trade receivables	30,880	30,241
Other receivables	2,553	871
	<b>33,433</b>	<b>31,112</b>

#### (d) Currency risk

The Consolidated Entity is exposed to foreign currency risk on purchases that are denominated in foreign currency, primarily United States dollars and Euro. Derivative financial instruments are used by the Consolidated Entity to hedge exposure to exchange rate risk associated with foreign currency transactions. The Consolidated Entity had \$921,000 (2007: \$3,307,000) in foreign currency hedge contracts at 30 June 2008.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

The Consolidated Entity is also exposed to currency risk in respect of financial instruments held in the New Zealand branch and the translation of financial statements from New Zealand dollars. The investment in non Australian Dollar denominated subsidiaries are not hedged.

As at reporting date MaxiTRANS had the following financial assets and financial liabilities exposed to currency risk that are not designated in a cash flow hedging relationship:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents (NZD)	1,955	416	-	-
<b>Financial Liabilities</b>				
Accounts payable				
USD	497	226	-	-
EUR	44	50	-	-
NZD	726	899	-	-

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

	Consolidated		The Company	
	Net Profit after tax		Net Profit after tax	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Judgement of reasonably possible movements</b>				
<b>US Dollar</b>				
10.0 cents increase with all other variables held constant	49	23	-	-
<b>EUR</b>				
10.0 cents increase with all other variables held constant	8	7		
<b>NZ Dollar</b>				
10.0 cents increase with all other variables held constant	(67)	14	-	-

**(e) Liquidity risk**

MaxiTRANS manages liquidity risk by maintaining adequate cash reserves, committed banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

	6 months or less	6-12 months	1-2 years	2-5 years	Greater than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash and cash equivalents	1,968	-	-	-	-
Accounts & other receivables	30,973	1,650	-	-	-
<b>Financial Liabilities</b>					
Accounts payable	-	-	-	-	-
Borrowings	7,360	427	10,345	16,411	-

Effective interest rate on borrowings 8.23% (2007: 7.08%)

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Finance Facilities</b>				
At year end, the Consolidated Entity had the following financing facilities in place with its bankers:				
<b>Available facilities</b>				
Loan facility	31,415	35,415	-	-
Overdraft and invoice finance	11,000	11,000	-	-
Lease facility	15,150	15,150	-	-
	<b>57,565</b>	<b>61,565</b>	-	-
<b>Facilities utilised at balance date</b>				
Loan facility	24,935	35,415	-	-
Overdraft and invoice finance	6,932	-	-	-
Lease facility	2,675	5,291	-	-
	<b>34,542</b>	<b>40,706</b>	-	-
<b>Facilities not utilised at balance date</b>				
Loan facility	6,480	-	-	-
Overdraft and invoice finance	4,068	11,000	-	-
Lease facility	12,475	9,859	-	-
	<b>23,023</b>	<b>20,859</b>	-	-

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

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 certain land and buildings of controlled entities. Selected trade debtors invoices of a controlled entity are pledged as security for the "invoice finance" facility. The total carrying amount of assets pledged as security is \$37,312,000 (2007: \$36,695,000).

The loan facilities are available until September 2009 and September 2010 subject to continuing compliance with the terms of the facilities. Interest rates are a combination of fixed and variable.

The bank overdraft and invoice finance facility are payable on demand and subject to annual review.

The Company and the Consolidated entity are subject to externally imposed capital requirements. The terms and conditions of the bank facilities contain covenants in relation to gearing ratio, interest cover and EBITDA ratio. These covenants have been satisfied during the 2008 and 2007 financial years.

## (f) Net fair value

### Determination of net fair value

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

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

	Carrying amount		Net fair value	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Financial assets</b>				
Traded on organised markets	-	-	-	-
Not readily traded				
Trade receivables	30,880	30,241	30,880	30,241
Other receivables	2,153	471	2,153	471
<b>Financial liabilities</b>				
Traded on organised markets	-	-	-	-
Not readily traded				
Accounts payable	33,551	27,873	33,551	27,873
Bank loans	31,867	35,415	31,867	35,415
Finance leases	2,675	5,291	2,675	5,291

In addition, net fair value in relation to foreign exchange contracts unrecognised at year end totals \$2,000 gain (2007: \$218,000 (loss))

### 31. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to balance date which would have a material effect on the Consolidated Entity's financial statements at 30 June 2008.

# Independent Audit Report

FOR THE YEAR ENDED 30 JUNE 2008

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

### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of MaxiTRANS Industries Limited (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 31 and the directors' declaration set out on pages 43 to 84 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' responsibility for the financial report

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

#### Auditor's responsibility

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

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

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

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

#### Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of MaxiTRANS Industries Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

### REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

#### Auditor's opinion

In our opinion, the remuneration report of MaxiTRANS Industries Limited for the year ended 30 June 2008, complies with Section 300A of the Corporations Act 2001.

*KPMG*

KPMG  
Melbourne  
21 August 2008

*Adrian V. King*

Adrian V King  
Partner

# Australian Stock Exchange Additional Information

FOR THE YEAR ENDED 30 JUNE 2008

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

## SHAREHOLDINGS

### Substantial shareholders

The names of the substantial shareholders listed in the Company's register as at 31 July 2008 are:

	Ordinary shares
Perpetual Limited and subsidiaries	23,248,610
Transcap Pty Ltd & related parties	20,718,605

### Voting rights

As at 31 July 2008, there were 4,631 holders of ordinary shares of the Company.

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

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

As at 31 July 2008, there were 5,700,000 unquoted options over unissued ordinary shares granted to employees under the Executive 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 31 July 2008)

Category - No of shares	No of shareholders
1-1,000	347
1,001 – 5,000	1,231
5,001 – 10,000	974
10,001 – 100,000	1,934
100,001 and over	145
	<b>4,631</b>

Shareholders with less than a marketable parcel

As at 31 July 2008, there were 196 shareholders holding less than a marketable parcel of 893 ordinary shares (\$0.55 on 31 July 2008) in the Company totalling 83,025 ordinary shares.

On market buyback  
There is no current on-market buy-back.

**TWENTY LARGEST SHAREHOLDERS - ORDINARY SHARES (AS AT 31 JULY 2008)**

Name	Number of fully paid ordinary shares held	Percentage held of issued ordinary shares
RBC Dexia Investor Services Australia Nominees Pty Ltd	24,635,505	14.33%
Transcap Pty Ltd	14,467,979	8.42%
Citicorp Nominees Pty Ltd	5,279,947	3.07%
Toroa Pty Ltd	5,051,200	2.94%
HSBC Custody Nominees (Australia) Limited	3,735,486	2.18%
ANZ Nominees Limited	3,012,593	1.75%
J P Morgan Nominees Australia Limited	2,572,933	1.50%
Sandhurst Trustees Ltd	2,455,000	1.43%
Tanerka Pty Ltd	2,015,000	1.17%
John E Gill Trading Pty Ltd	1,713,175	1.00%
Medical Research Foundation for Women and Babies	1,390,169	0.81%
John E Gill Operations Pty Ltd	1,313,078	0.76%
Mr J R Curtis	1,199,426	0.70%
Mr E D Ross	1,158,049	0.67%
Denvorcorp Holdings Pty Ltd	1,112,200	0.65%
National Nominees Limited	1,082,076	0.63%
Mr M Brockhoff	1,000,000	0.58%
Belgravia Strategic Equities Pty Ltd	939,604	0.55%
Evizel Pty Ltd	865,901	0.50%
Mr D M Croft	850,000	0.49%
<b>TOTAL</b>	<b>75,849,321</b>	<b>44.13%</b>





MaxiTRANS is conscious of its ongoing responsibilities to the environment and sustainability and has taken important steps towards achieving certification in this area at its Ballarat manufacturing facility. Ballarat is being used as a model to develop a Company wide approach on this important issue.

The tanks shown in this image are at our Ballarat facility and have the capacity to hold 135,000 litres of rain water collected from the roof of the factory. This water is used in our production process.

This Annual Report was printed using paper that is manufactured from a mix of recycled paper and pulp from timber from sustainable forests.





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