MaxiTRANS Industries Limited
Annual Report 2009

Positioned for a strong future

09

MaxiTRANS

Our Company confronted significant challenges during FY09 amidst the Global Financial Crisis (GFC). The Board and Management acted quickly and decisively to ensure the stability of the business and the protection of its unique competencies. MaxiTRANS has emerged from the GFC with a stronger balance sheet and well positioned to take advantage of improvements in local and global economies.

Ian Davis
Chairman

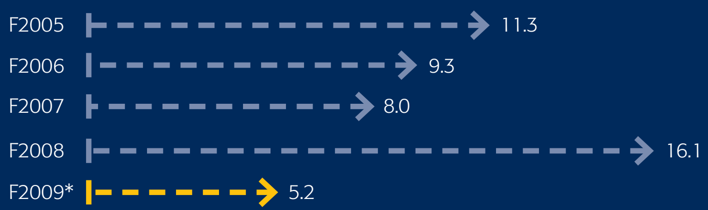
Michael Brockhoff
Managing Director

FY09 Overview

- Demand adversely impacted by GFC
- Revenue of $253m
- Underlying NPAT of $5.2m
- Significant items totalling $7.6m
- Record Lusty EMS unit sales due to strong rural markets
- GFC management strategies successfully implemented
- Net debt/equity reduced to 29%
- Bank facilities extended to September 2010
- Emerging signs of improvement in markets as the year ended

REVENUE ($M)

UNDERLYING NET PROFIT AFTER TAX ($M)



* Excludes impairment charge of $6.137m and restructuring costs of $1.428m

UNDERLYING EARNINGS PER SHARE (BASIC) (Cents per share)

* Excludes impairment charge of $6.137m and restructuring costs of $1.428m

ORDINARY DIVIDENDS DECLARED PER SHARE (Cents)

The Company has sound foundations for the future:

The strength and success of our business is founded upon our ongoing focus and commitment to every customer – to provide them with the best possible road transport solution to satisfy their needs. With our history going back to 1946, we are often serving the second or even the third generation of a family transport business, having been part of their growth throughout the years. Our customer base encompasses transport operators ranging from owner drivers with one or two trailers through to Australia's and New Zealand's largest logistics fleets.

Our people are the core of our Company. Decades of experience and passion for the design and development of transport equipment enable us to translate ideas and challenges into innovative new products and solutions. From our expert sales teams to our design engineers, our high levels of skill and competence are continuously upgraded by training initiatives. Our people's enthusiasm, knowledge and close relationships with our customers are some of the keys to our business success.

Through our core brands Freighter, Maxi-CUBE, Hamelex White, Lusty EMS, Peki and Colrain, we are the market leader in the provision of transport equipment and solutions, setting the standard in innovation, design, quality and model range. We have developed and strengthened the value of our brands through continuous product improvement, acquisition and ongoing investment in design, manufacturing technologies and distribution. The strong reputations of our brands provide our customers with the comfort of knowing that they are buying quality products with high resale value and excellent support.

We invest substantially in research and development to ensure we maintain our market leadership by meeting customer expectations and providing tailored transport solutions. With more engineers than any Australian competitor and highly skilled salespeople to provide a conduit for information to and from the field, our trailer brands continue to lead in design and innovation. Examples include the patented Freighter Load Hold and the Australian Design Award winning Freighter EziLiner which is being patented internationally and has been licensed to Krone, one of Europe's largest trailer manufacturers.

We have six manufacturing facilities, a number of distribution centres and several other key facilities to support our customers and dealers in both Australia and New Zealand. Having benefited from ongoing and significant investments in safety, improved working conditions and production efficiency, our factories lead the market in their level of sophistication, manufacturing technology and design processes.

The keys to sales growth and satisfied customers are strong and effective national distribution networks. We distribute our products through a range of Company and privately owned facilities, dealer networks and retailers, all designed to provide top level sales, service and parts support to our customers. No other Australian trailer manufacturer has such extensive, experienced and professional distribution networks – enabling our customers to obtain sales and service support across the country.

Positioned for a strong future

We are pleased to report to shareholders that, despite the significant impact of the GFC on our business, we have successfully navigated and managed our way through the crisis, have emerged with a stronger balance sheet and are well positioned for growth as the economic and business climate improves. Compared with prior months in FY09, we have seen improvements in the level of business activity and order intake since May 2009 and look forward to this continuing.

In May 2009, MaxiTRANS delivered the 70,000th Freighter trailer manufactured – the culmination of a process that started in 1946 when Freighter was founded.

Following a year of record sales and profitability, FY09 has been a year of extremes and one which has tested the strength of our brands, business relationships, distribution networks, manufacturing facilities and most of all, our employees.

We commenced the year with strong order banks carried forward from a period of record order intake and sales in FY08, which provided us with a production pipeline extending several months into the new financial year.

Despite lower interest rates, reduced fuel prices and the introduction of stimulus measures by the Federal Government during the first half of FY09, we experienced a significant contraction in the market for trailers and vans as a result of the global credit squeeze and a reduction in business confidence.

The rate of contraction in the domestic market accelerated in the second quarter of FY09 and extended to the tipper and wholesale parts markets. Order intake fell rapidly across the majority of our product categories and our order books contracted significantly with lead times falling to levels not seen for several years.

The Board and Management took proactive and aggressive steps to protect the business and to ensure the ongoing viability of the Group throughout and beyond the economic downturn.

The significant reduction in volumes resulted in intense price competition and a deliberate strategy of meeting the market head on was adopted to ensure the maximisation of sales opportunities, the protection of our market share and the preservation of the Company's skills and competencies.

The Freighter EziLiner has been licensed to Krone in Europe for the European market where it is being marketed as the EcoLiner.

In order to ensure that MaxiTRANS continued to have access to appropriate funding, bank facilities were renewed in the first half of FY09 and locked in to September 2010. The Board and Management also implemented a number of initiatives to manage capital and maximise cash flow, which included an aggressive inventory reduction program and a further tightening of credit management policies and procedures. In all, inventories were reduced by $10.4 million during the year.

All capital expenditure not related to occupational health and safety or the replacement of essential plant and equipment was frozen and capital management initiatives were implemented, including a reduction in the level of the interim dividend, the re-launch of the MaxiTRANS Dividend Re-investment Plan and the introduction of a Share Purchase Plan.

In addition to the above measures, a wage and salary freeze was implemented (outside of existing agreements and arrangements) together with a 10% reduction in Director's fees and Senior Management salaries. A nine day fortnight was introduced across the majority of sites, together with the compulsory use of annual leave where practical and the implementation of extended factory shut downs over key holiday periods such as Christmas and Easter.

Positive steps were also taken to review and restructure various aspects of our businesses to create synergies and to share common functions and all discretionary expenditure was frozen. We also re-negotiated key supplier agreements and arrangements to secure cost reductions. Despite the implementation of these measures however, it was also unfortunately necessary to reduce employee numbers in areas directly impacted by the downturn as well as in production support and administrative areas. Employee numbers fell by 312 during the year to a total of 786 as at 30 June 2009.

Amidst the difficulties, a number of positive developments occurred.

The agricultural sector remained buoyant as a result of favourable rainfall in key geographical areas. This greatly assisted our Lusty EMS tipper business and we achieved record volumes and financial results in this segment of our operations.

Technological innovations such as the Freighter EziLiner and Freighter Load Hold gained momentum in FY09 and successfully secured a larger share of the domestic market. MaxiTRANS continues to set the benchmark in trailer technology in Australia.

As part of our commitment to seek innovative ways to add value to our customers' business operations, we re-launched our MaxiTRANS Finance brand with a new strategic external provider enabling tailored finance solutions to be offered to existing and prospective customers for the purchase of trailers, vans, tippers and other capital equipment.

Operational performance also remained strong and respectable efficiencies were achieved by our manufacturing facilities despite lower volumes and disruption to the business. This is a testament to the quality of our people and the strength of our business.

FINANCIAL PERFORMANCE

MaxiTRANS posted an underlying EBIT result of $8.9 million and an underlying net profit after tax of $5.2 million, representing a decrease in underlying earnings on the previous year of 67%.

A review was performed in accordance with AASB 136 resulting in the recognition of an impairment charge of $6.137 million against the goodwill of Colrain. This is a non cash charge which has no impact on the cash resources, borrowing levels or future earnings and cash flows of the business.

After the non cash impairment charge of $6.137 million and restructuring costs of $1.428 million ($1.0 million after tax), the after tax result for the year was a loss of $1.9 million.

Revenue for the year decreased by 13% to $253 million following lower sales volumes in all major divisions, whilst gross margins were adversely impacted by intense competition brought about by the economic downturn.

Cash generation was strong as a result of the implementation of the specific initiatives outlined above. Despite a 67% reduction in underlying earnings for the year, a total of $14.1 million was generated in operating cash flow, driven predominantly by aggressive inventory reductions. Total interest bearing liabilities decreased by $7.9 million during the year to $26.6 million and net debt/equity fell from 36% at the end of FY08 to 29% at the end of FY09.

However, as a result of the non-cash impairment charge of $6.137 million recognised at 31 December 2008, shareholders' funds decreased 8% in FY09.

DIVIDENDS

Whilst we strengthened our balance sheet during the year, due to the difficult economic and business environment experienced in FY09 and the continuing uncertainty surrounding the first half of FY10, the Board has decided that it is in the best interests of the Company not to declare a final dividend for the year ended 30 June 2009. The Board will continue to closely monitor performance and will review the situation again based on the results for the first half of FY10. During the year an interim dividend of 1.0 cent per share was declared and paid to shareholders.

STRATEGY

MaxiTRANS entered the 2009 financial year with a sound balance sheet, a conservative gearing level and a strong and talented management team equipped with market leading brands, an extensive distribution network and industry leading facilities, capabilities and infrastructure.

In light of the impact of the GFC on the economy, the Board reviewed the key elements of the Company's strategic plan and re-affirmed its objective to continue to develop a diversified revenue and earnings stream into the future.

In the short term however, the focus of the Board and Management has been on ensuring that the Company retains, develops and promotes its skill base, manufacturing technology and product design advantages so that it continues to be well positioned to take advantage of economic recovery as it occurs.

The fundamentals of the markets in which we operate are still sound and long term growth projections continue to be strong. Whilst the GFC has changed the commercial landscape significantly, we believe it is still relevant to reflect upon two relatively recent reviews of transport in Australia. Both the Australian Federal Government's Auslink White Paper (2004) and The East West Link Needs Assessment (EWLNA), March 2008, predicted strong net growth in demand for road transport services into the future.

The extent to which these forecasts have been impacted by the GFC is, of course, unknown, but it is reasonable to expect the long term trend to be positive as the economy recovers.

Recent Federal Government initiatives such as the Investment Allowance have been well received but their success has been severely constrained by the lack of credit availability.

MaxiTRANS will continue to invest in efficiency, capacity and innovation to meet the current and future needs of the markets in which it operates. Sales and marketing activities and strengthened distribution will enable MaxiTRANS to grow whilst we seek, evaluate and execute strategic acquisition opportunities in existing and complementary areas.

"There have been some recent signs of stabilisation and improvement in demand in the tipper market."

Essential products doing essential work

MaxiTRANS' trailers, vans and tippers carry just about everything that is moved anywhere in Australia and New Zealand. They are integral to the economy and part of all our lives, every day. They carry everything from your groceries through to the bricks and cement that build your house, the white-goods in your kitchen, the bed you sleep on, the TV you watch, the ice cream you eat, fertilizer for farmers, grain for flour mills and the minerals we export.

REVIEW OF OPERATIONS

Vans, Trailers and Bodies

Our van, trailer and bodies business commenced the financial year with a strong order bank as a result of a near record level of demand and orders in FY08.

During the first half of FY09, the market for trailers and vans declined and this accelerated in the second half of the financial year. During this period however, enquiry activity remained strong but the rate of conversion of quotes into orders fell significantly due to declining operator confidence and the significant contraction of credit markets.

Whilst overall sales in trailers and vans declined by 37% compared to FY08, which was a record year, we believe that our trailer and van brands have maintained their market shares during the year.

A number of significant trailer and van supply contracts were secured during FY09 including with Linfox, Lindsay Australia, Woolworths and K&S. In addition, our contract with Australia Post was successfully renewed.

The Freighter EziLiner system, which eliminates the need for buckles and straps on side curtains and dramatically improves operational efficiency, continued to gain momentum during the year. A significant proportion of Freighter sales are now made with the EziLiner system and it is setting a new benchmark for the curtain sided trailer market.

As a result of the considerable benefits offered by the Freighter EziLiner system, MaxiTRANS entered into a technology licensing agreement with Europe's second largest trailer and van manufacturer, Fahrzeugwerk Bernard Krone GmbH ("Krone") in September 2008. Under this agreement, Krone is using the EziLiner technology to manufacture and distribute the EziLiner system in the European market in return for which MaxiTRANS received a licence fee and will receive an ongoing royalty. The EziLiner is being patented in major international curtain sided trailer markets.

The patented Freighter Load Hold Curtain system, which overcomes the need for gates in many applications, also continued to gain momentum during the year and is now a major contributor to Freighter sales volumes. It has been widely and enthusiastically adopted by numerous customers due to its ease of use and operational efficiency and has been introduced under licence into the curtain sided truck body market.

Peki's dedication to the production of high quality vans and truck bodies was recognised in May through it being awarded an Endeavour Award for the Australian Industrial Product of the Year by Manufacturer's Monthly magazine. Peki consolidated sales representation in Queensland during the year and continues to focus on operational flexibility and efficiency.

Some tentative signs of stabilisation in the trailer and van markets appear to be surfacing and we have seen some improvement in order intake in May, June and July 2009.

Whilst it is too early to assess whether this represents a trend, we look forward to continuing improvement and believe that the continuation of the 50% Investment Allowance for small businesses to 31 December 2009 should assist to underpin demand whilst we await the broader economic recovery.

Tippers

Our tipper businesses also commenced the 2009 financial year with a strong order bank as a result of a record level of demand and orders in FY08.

During the year, our tipper businesses experienced large variations in demand across various market sectors. Whilst tipper sales declined by 10% overall, demand for tippers in the agricultural markets of Queensland, Northern New South Wales and South Australia was strong and continued to strengthen during the year. Record sales volumes were achieved by MaxiTRANS brands in the rural sector during FY09.

However, demand in the truck and dog sector declined dramatically due to a significant reduction in demand in the construction and infrastructure sectors of the economy. The fall in demand was sharp, commencing in the second quarter of FY09 and accelerating in the second half of the financial year.

The financial year saw a resurgence in the demand for the patented "Stag" B-Double tipper combination. Now using new, stronger but lighter materials and other improvements to reduce tare weight and increase payload, the Stag is providing operators with even greater efficiency. The 25 metre Multi-Loader B-Double gained popularity during FY09, providing operators with the ability to carry either bulk or palletised loads, resulting in notable operational gains.

Distribution in Victoria was strengthened through the establishment of a Hamelex White distribution and service centre at Somerton in Melbourne's north in late FY08. Our repairs and after sales service facilities experienced continued growth and our sales teams were expanded to increase market penetration in preparation for an improvement in market conditions. Further technological tools were also introduced to improve design and production capability.

During the financial year our distributor and associate company, Freighter Maxi-CUBE Queensland (FMQ), acquired the operations of Trailer Sales North Queensland (TSNQ), an independent dealership representing Freighter, Maxi-CUBE and Hamelex White in far north Queensland. The acquisition of TSNQ provides FMQ, and therefore MaxiTRANS, with the opportunity to increase the penetration of the Hamelex White brand into this high potential market sector.

There have also been some recent signs of stabilisation and improvement in the level of demand in the tipper market. We anticipate that the continuation of the Federal Government's incentives for small businesses up to 31 December 2009, together with spending on infrastructure projects, should assist the market, but it will be some months before we can be confident of a turnaround.

Parts

Our parts business has two major components, wholesale and retail. During FY08, one non-performing Victorian retail outlet was divested and a new wholesale distribution outlet was opened in Perth.

Retail sales in FY09 across continuing retail outlets maintained parity with the prior year as customers retained and maintained older trucks and trailing equipment. Retail sales tended to favour safety related maintenance parts.

The wholesale sector however, relies heavily on sales to trailer manufacturers and body builders who were badly affected by the significant decline in manufacturing activity. Wholesale sales during FY09 were similar to the prior year due to the contribution from our new Perth wholesale operation.

After a strong start to the financial year, sales in the second half of FY09 declined, but overall sales were substantially in line with the prior year. Margin performance was impacted by the rapid and sudden fall in the Australian dollar in first half of FY09.

Like all other parts of the MaxiTRANS business, a number of actions were taken to mitigate the impact of a slower market. Working capital was reduced through aggressive inventory management programs and the extensive parts range was reviewed and rationalised to improve stock turns and reduce operational complexity. A reduction in employee numbers was implemented together with the review and renegotiation of key supplier agreements, resulting in ongoing savings which will benefit the business into the future.

During the financial year, we also expanded our presence in key markets and bolstered our competencies and skills at retail level thus improving sales and increasing market penetration in a number of key branches.

"A number of significant trailer and van contracts were secured during FY09."

Despite the difficult trading environment, a number of new products were also successfully introduced during the year including a new and improved Maxus Guard. The much anticipated Arvin Meritor Top Mount trailer suspension was launched and is gaining in awareness and popularity.

While our parts business continues to strengthen, the outlook for the business is dependent on an improvement in the overall market. We expect a positive contribution in FY10 from the new products introduced, cost reduction programs implemented and other investment activities made during the past 12 months.

New Zealand

Our New Zealand business experienced a difficult start to FY09 due to a general deterioration in the economic environment, tightening credit and low business confidence arising from a weak business outlook.

The New Zealand new trailer market declined by 29% in the past year. As a consequence, there has been a heavy emphasis on sales, marketing and the diversification of our customer base. A strong focus on cost reduction, efficiency and optimal material sourcing helped to offset the under utilisation of factory capacity, while further efforts were successfully made to diversify the business. FY09 saw the first New Zealand built Maxi-CUBE Slide-A-Side van sold, generating strong customer interest due to its versatility.

A general lift in activity from the third quarter of FY09 coupled with a very competitive pricing stance has increased volumes and forward orders. In the last six months, MaxiTRANS has gained market share and is now the second largest trailer and body manufacturer in New Zealand.

Whilst market conditions in the medium term remain uncertain, we are seeing signs of an increase in order enquiry. With a solid order book in place, we expect a good start to FY10.

Joint Ventures

Our Queensland dealer, Freighter Maxi-CUBE Queensland (FMQ), in which the Company has a 36.67% shareholding, achieved a solid result despite sales and earnings being lower than FY08. As indicated earlier, FMQ expanded its operations in FY09 through the acquisition of Trailer Sales North Queensland, an authorised MaxiTRANS dealer for Hamelex White and sub agent for Freighter and Maxi-CUBE. This acquisition will provide a platform for further growth in sales and profitability in the coming year.

Our 50% owned Chinese joint venture, Yangzhou Maxi-CUBE Tong Composites Co. Ltd., was also impacted by the GFC but made a positive contribution to the Group result.

OUTLOOK

It is too early to accurately assess and predict the direction which the market for trailers, vans, tippers and parts will take as we move into the new financial year.

We are encouraged by the positive signs which have emerged in the global and domestic economies, but are cognisant that significant risks and uncertainties still exist as the world continues to work its way through the impact of this crisis.

We have seen some early signs of improved order enquiry levels since May 2009. Whilst order intake has either stabilised or lifted across all key trailer, van and tipper brands, we await a tangible improvement in credit markets as this is vital for a sustained increase in demand for our products.

We continue to be optimistic in relation to the prospects for the rural sector on the basis that good rainfalls and solid crop yields continue into the next season. We expect our parts business to benefit from any improvement in the overall market and our margins and profitability to improve as a result of higher volumes and a reduced cost base.

PEOPLE, PARTNERSHIPS & SUSTAINABILITY

Our valued employees are central to the successful operation of the business and to the execution of the Board's strategic plan. The challenges which arose from the GFC impacted upon our business beyond the balance sheet and tested the skills, capabilities and resourcefulness of our people across all areas of the Group. The strength and quality of our employees was visibly proven during this difficult time and will continue to be tested during the economic recovery period. We are proud of the manner in which all employees rose to the challenge and contributed to the implementation of initiatives necessary for the long term success of the Group.

Regardless of the economic climate, our commitment to the health and safety of our employees has not wavered. We invest significant resources across all areas of our business to ensure the implementation and ongoing effective management of numerous programs and initiatives designed to ensure that our workplaces are safe, comfortable, and enjoyable.

During the year we achieved further safety performance improvements. The number of lost time and medically treated injuries in the past year fell by 21% compared to the prior year and efforts continue to improve on this. Ongoing education and training underpins our health and safety program and this is supplemented by annual audits conducted in each of our operating locations.

Our largest manufacturing site, in Ballarat, achieved accreditation as a Registered Training Organisation in early 2009. The first six training modules related to Workplace First Aid and will extend to include Engineering and Business Studies in the near future. This accreditation provides us with the economies and convenience of undertaking in-house training and can also be used to conduct courses for external customers.

During the year we also maintained our commitment to apprenticeship training with 31 apprentices employed across the Group. In addition, we continue to sponsor a number of employees in undertaking Certificate III and Certificate IV courses in Business Management and associated training in areas such as time management, leadership and occupational health and safety.

Work continues in relation to the achievement of certification to ISO-14001, the standard for Environment Management Systems, in our Ballarat manufacturing facility. Our "Green Team" is working on a number of projects related to the reduction of energy wastage and the recycling of packaging.

We are mindful of the impact which the GFC has had on our business partners including our customers, dealer networks, suppliers and financiers. We are grateful for their support, loyalty and co-operation.

Following the tragic Victorian Black Saturday bush fires, MaxiTRANS and its employees made a substantial donation to the Bush Fire Appeal with the Company matching, dollar for dollar, the very generous donations of its employees. Furthermore, through the benevolent support of several key suppliers, the funds raised by the MaxiTRANS Annual Charity Golf Day also went to this worthy cause.

Finally, we are acutely aware of the impact which the GFC has had on financial markets and the significant devaluation which has occurred in the share price of listed companies across the board. We thank our shareholders for their loyalty over this difficult time and are confident that the strong foundations which continue to be in place will stand us all in good stead into the future.

Board of Directors

Ian Davis
Chairman
Non-Executive
Director

Michael Brockhoff
Managing
Director

James Curtis
Deputy Chairman
Non-Executive
Director

Geoffrey Lord
Non-Executive
Director

Robert Wylie
Non-Executive
Director

OFFICES & OFFICERS

Company Secretary
Mr. M. Mattia

Registered Office
346 Boundary Road
Derrimut, Victoria 3030

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
147 Collins Street
Melbourne, Victoria 3000

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

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

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

Report of the Directors and Financial Report

FOR THE YEAR ENDED 30 JUNE 2009

MaxiTRANS Industries Ltd ACN 006 797 173 and Controlled Entities

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Financial Summary

		F2005	F2006	F2007	F2008	F2009
Revenue	**$'000**	223,177	244,960	236,553	290,740	252,621
EBITDA	**$'000**	21,941	20,088	18,180	30,309	7,339
EBIT	**$'000**	17,414	14,697	12,909	24,815	1,373
NPBT	**$'000**	15,107	11,772	9,800	21,943	(993)
NPAT	**$'000**	11,291	9,313	8,018	16,101	(1,894)
Significant Items in NPBT	**$'000**	(1,200)	(2,273)	–	–	(7,565)
Basic EPS	**cents**	6.59	5.42	4.67	9.38	(1.09)
Ordinary dividends/share	**cents**	4.00	4.25	4.00	5.50	1.00
Depreciation	**$'000**	2,890	3,583	3,435	3,737	4,356
Amortisation – leased assets	**$'000**	744	876	904	824	678
Amortisation – intangibles	**$'000**	893	932	932	933	932
Capex additions	**$'000**	16,787	3,900	5,117	5,046	4,116
Operating cash flow	**$'000**	7,140	19,308	5,543	18,600	14,072
NTA	**$'000**	35,750	41,765	42,667	57,976	58,141
Net assets	**$'000**	72,625	76,036	76,682	91,058	84,154
Interest bearing liabilities	**$'000**	43,634	37,095	40,706	34,542	26,593
Finance costs	**$'000**	2,307	2,925	3,109	2,872	2,366
Total bank debt	**$'000**	38,246	32,463	35,415	31,867	22,935
Net debt/equity	**%**	60%	49%	51%	36%	29%
Interest cover	**times**	7.55	5.02	4.15	8.64	3.78*

*Pre significant items

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2009

This statement reflects MaxiTRANS Industries Limited's ('MaxiTRANS') corporate governance policies and practices as at 30 June 2009 and which, unless otherwise stated, were in place throughout the year. The essential corporate governance principles incorporating the best practice recommendations of the ASX Corporate Governance Council ('Council'), and MaxiTRANS' policies and procedures and the Company's compliance with the Council recommendations, are as follows:

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

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

Role and responsibility of the Board and management

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

The Board is responsible for:

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

Role and responsibility of senior management

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

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

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

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

- The Managing Director demonstrates expertise in a variety of concepts, practices, and procedures and relies on extensive experience and judgment to plan and accomplish goals.

- The Managing Director has an excellent understanding of MaxiTRANS, its products and the market in which it operates.

- The Managing Director leads and directs the work of others employed by MaxiTRANS. A wide degree of creativity and latitude is expected of the Managing Director to ensure the continued success of MaxiTRANS.

- The CFO is responsible for directing MaxiTRANS' overall financial policies and reports to the Managing Director.

- The CFO oversees all financial functions including accounting, budgeting, credit, insurance, tax, and treasury. In this role, the CFO designs and coordinates a wide variety of accounting and statistical data and reports.

- A wide degree of creativity and latitude is expected, and the CFO is expected to have considerable experience to be able to contribute to the ongoing success of MaxiTRANS.

- The Managing Director and CFO are appointed under formal letters of appointment that describe their duties, rights and responsibilities and entitlements on termination.

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

Refer to the Remuneration Report on page 30 of the Report of the Directors.

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

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

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

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

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

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

- Directors are expected to cast their vote on any resolution in accordance with their own judgement.

- Directors are expected to comply with their legal, statutory and equitable duties when discharging their responsibilities as directors. Broadly, these are duties to:

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

  (ii) Act with care and diligence

  (iii) Act for proper purposes

  (iv) Avoid a conflict of interest or duty

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

- Directors may access information and seek independent advice that they consider necessary to

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

fulfil their responsibilities and to exercise independent judgement in decision making.

- Directors are expected to be sensitive to conflicts of interest that may arise and be mindful of their fiduciary obligations to MaxiTRANS and:

  (i) Disclose to the Board any actual or potential conflicts of interest which may exist or might reasonably be thought to exist as soon as the situation arises

  (ii) Take steps as are necessary and reasonable to resolve any conflict of interest

  (iii) Comply with the Corporations Act 2001 provisions on disclosing interests and restrictions on voting

  (iv) If a conflict situation exists, it is expected that where a matter is being discussed by the Board to which the conflict relates, the director will be absent from the room.

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

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

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

Recommendation 2.2:
The Chairperson should be an independent director

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

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

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

Recommendation 2.4:
The Board should establish a nomination committee

The MaxiTRANS Nomination Committee was formally constituted on 27 June 2003. 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

Recommendation 2.5:
The Board should establish and disclose a 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.

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

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

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

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

- 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 formal evaluation of its performance for the year ended 30 June 2009 in accordance with the process determined by the Board.

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 practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders.**
- **The responsibility and accountability of individuals for reporting and investigating reports of unethical practices**

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

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

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

Recommendation 3.2:
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.

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1:
The Board should establish an audit committee

The MaxiTRANS Audit Committee was established in 1994 and renamed Audit and Risk Management Committee during the year to reflect amendments to the Committee Charter.

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

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

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

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

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

The external auditor met with the Audit and Risk Management Committee four times during the year without management being present. The Audit and Risk Management Committee intends for the 2010 financial reporting period to have the auditor meet at least twice with the Audit Committee without management being present.

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

The revised charter of the MaxiTRANS Audit and Risk Management Committee adopted by the Board in August 2008 clearly sets out the committee's role and responsibilities, composition, structure and membership requirements. The Audit and Risk Management Committee has the right to access management and seek independent professional advice in accordance with the Board Charter.

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

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

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

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

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

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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.

7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

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

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

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

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

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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

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

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

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: Remuneration Committee
8.1.1 The Board should establish a remuneration committee.

The MaxiTRANS Remuneration Committee was established in 1994.

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.

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

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

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

Corporate Governance Statement (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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

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

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

Executive directors have access to salary, termination benefits, superannuation benefits, a vehicle allowance, 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.

8.2.2: 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 of ordinary securities on issue. The MaxiTRANS Executive Option Plan was approved by shareholders on 19 October 2007.

Refer to Note 21 of the financial statements and pages 35 and 36 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.

Report of the Directors

FOR THE YEAR ENDED 30 JUNE 2009

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 2009 and the auditor's report thereon.

Directors

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

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

Principal Activities

The principal 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 2.75 cents per share was paid on 10 October 2008, as proposed in last year's financial report	**$4,722,909**
A fully franked interim dividend of 1.00 cents per share was paid on 24 April 2009	**$1,717,422**

Consolidated Results and Shareholder Returns

	2009	2008	2007	2006	2005
Net profit/(loss) attributable to equity holders of the parent	$(1,894,000)	$16,101,000	$8,018,000	$9,313,000	$11,291,000
Basic EPS	(1.09)¢	9.38¢	4.67¢	5.42¢	6.59¢
Dividends paid	$1,717,422	$9,445,818	$6,869,686	$7,299,041	$6,869,686
Dividends declared per share	1.00¢	5.50¢	4.0¢	4.25¢	4.0¢

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 2009. 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 2009.

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

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

Future Developments

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

Further information as to the likely developments in the operations of the 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 (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Information of Directors

Ian R. Davis	Chairman, Independent Non-Executive, Age 64
Qualifications & Experience:	Law degree with honours from University of Melbourne. Appointed Chairman 1994. Senior partner and previously National Chairman of international law firm, Minter Ellison. Mr. Davis has extensive experience in the corporate and commercial area of law in which he practices. He is also Chairman of 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, non-executive Director of Baxter Group Limited from December 2004 to January 2007 and Chairman of UCMS Group Ltd from November 2006 to August 2009.
Special Responsibilities:	Chairman of Corporate Governance Committee, Remuneration Committee and Nomination Committee. Member of Audit & Risk Management Committee.
Interest in Shares:	1,134,928 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

James R. Curtis	Deputy Chairman, Non-Executive, Age 74
Qualifications & Experience:	Appointed Deputy Chairman in 1994. One of the founders of the consolidated entity. Fifty five years experience in the transport equipment industry.
Special Responsibilities:	Member of Corporate Governance Committee, Audit & Risk Management Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	23,856,948 ordinary shares beneficially held, (refer note 22(d) to the Financial Statements).
Options over Ordinary Shares:	Nil

Michael A. Brockhoff	Managing Director, Executive, Age 56
Qualifications & Experience:	Appointed Managing Director in June 2000. Thirty one years experience in the road transport industry.
Special Responsibilities:	Member of Remuneration Committee.
Interest in Shares:	2,279,000 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Geoffrey F. Lord	Independent Non-Executive Director, Age 64
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, 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, Adelhill Limited from February 1993 to March 2008 and The Mac Services Group Ltd from April 2007 to June 2009.
Special Responsibilities:	Member of Audit & Risk Management Committee, Corporate Governance Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	1,039,604 ordinary shares beneficially held, (refer note 22(d) to the Financial Statements).
Options over Ordinary Shares:	Refer note 22(d) to the Financial Statements.

Robert H. Wylie	Independent Non-Executive Director, Age 59
Qualifications & Experience:	Fellow of the Institute of Chartered Accountants in Australia, a member of the Institute of Chartered Accountants of Scotland and a Fellow of the Australian Institute of Company Directors. Appointed Director in September 2008. Mr. Wylie has wide ranging experience in professional service in a variety of professional management roles with Deloitte. Most recently he held senior positions with Deloitte Touche USA LLP. Prior to this, he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as National Chairman. Mr. Wylie also served on the Global Board of Directors and the Governance Committee of Deloitte Touche Tohmatsu and the Global Board of Directors of Deloitte Consulting. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia. Director of the following companies: Centro Properties Limited and CPT Manager Limited since October 2008.
Special Responsibilities:	Chairman of Audit & Risk Management Committee. Member of Corporate Governance Committee.
Interest in Shares:	21,364 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

Company Secretaries

Mr. Marcello Mattia	B. Bus. (Acc) CA, Australian Institute of Company Directors, Appointed to the position of Company Secretary in 2008.

Mr. Peter O. Loimaranta	B. Commerce CA, Appointed to the position of Company Secretary in 2006.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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

	Directors' Meetings[1]		Audit & Risk Management Committee		Remuneration Committee		Corporate Governance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian Davis	14	13	4	3	1	1	2	2
James Curtis	14	14	4	4	1	1	2	2
Michael Brockhoff	14	14	–	–	1	1	–	–
Geoffrey Lord	14	13	4	4	1	–	2	1
Robert Wylie	11	11	3	3	–	–	2	2

[1]The Nomination Committee met once during the year and all members were present.

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
- 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.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 a long-term incentive (LTI) in the form of options over the ordinary shares of the Company were provided under the terms of the Executive Option Plan **('EOP')**, as approved by shareholders at the Annual General Meeting held on 19 October 2007.

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 was conditional on the consolidated entity achieving certain short and long term performance hurdles. The exercise price for options granted under the EOP plan were 65 cents and 62 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 that had been granted under the EOP issued in December 2007 was 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.

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

In relation to the 2008 financial year, the aggregate amount of bonuses paid to wage and salary earners through performance and productivity based incentive schemes exceeded the aggregate amount paid to executive directors and senior management.

Options

In each of the 30 June 2008, 2009 and 2010 financial years, one third of options granted to executive directors and senior executives were to 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 would 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 ended 30 June 2008, the Company achieved the target EPS hurdle and options vested in respect of eligible executive director and senior executives.

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

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 base salary, motor vehicle allowance and superannuation. This payment represented market practice at the time the terms were agreed. The Managing Director has no entitlement to a termination payment in the event of removal for misconduct or breach of any material terms of his contract of employment.

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

Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 1998 AGM, is not to exceed $400,000 per annum and directors fees are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Directors' base fees are presently $64,000 per annum. The Chairperson receives $115,000 per annum. Non-executive directors do not receive performance related remuneration and are not entitled to either a STI or to receive any options under the EOP. 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 consolidated entity executives who receive the highest remuneration are:

	Year	Primary			Post	Equity	Other	Total (v)	Equity	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees $	Bonus (i) $	Non-cash benefits $	Super $	Options (ii) $	$	$	Options cancelled (vi) $		
DIRECTORS											
Non-executive											
Mr I Davis	2009	112,125	–	–	10,091	–	–	122,216	–	–	–
Chairman	2008	98,000	–	–	8,820	–	–	106,820	–	–	–
Mr J Curtis	2009	62,400	–	–	22,416	–	11,200	96,016	–	–	–
	2008	54,000	–	–	24,060	–	12,800	90,860	–	–	–
Mr G Lord	2009	62,400	–	–	5,616	–	–	68,016	–	–	–
	2008	54,000	–	–	4,860	–	–	58.860	–	–	–
Mr R Wylie (iii)	2009	51,733	–	–	4,656	–		56,389	–	–	–
Executive											
Mr M Brockhoff	2009	463,125	161,700	2,884	93,256	–	40,000	760,965	53,100	26.4%	6.5%
Managing Director	2008	462,162	–	4,145	55,459	176,145	40,000	737,911	–	23.8%	23.8%
EXECUTIVES											
The Company											
Mr M Mattia	2009	219,375	–	23,000	24,219	–	796	267,390	33,000	11.0%	11.0%
Chief Financial Officer and Company Secretary (iv)	2008	36,058	–	–	4,372	–	3,686	44,116	–	–	–
Mr G Walker	2009	228,911	51,510	–	45,527	–	23,096	349,044	18,389	19.0%	5.0%
General Manager – Manufacturing	2008	223,600	600	–	35,445	60,042	21,700	341,387	–	17.7%	17.5%

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Year	Primary			Post	Equity	Other	Total (v)	Equity	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Salary & fees $	Bonus (i) $	Non-cash benefits $	Super $	Options (ii) $	$	$	Options cancelled (vi) $		
Consolidated											
Mr A Wibberley	2009	179,400	41,284	24,031	19,862	–	–	264,577	11,493	19.1%	4.2%
General Manager Lusty EMS Pty Ltd	2008	164,000	–	25,450	14,760	37,526	–	241,736	–	15.5%	15.5%
Mr J Rush	2009	191,646	42,936	19,427	21,112	–	–	275,121	11,493	19.0%	4.0%
General Manager – Hamelex White, MaxiTRANS Australia Pty Ltd	2008	187,200	–	19,427	16,848	37,526	–	261,001	–	14.4%	14.4%
Mr N Zantuck	2009	143,325	12,844	–	16,080	–	22,500	194,749	11,493	11.8%	5.6%
General Manager – Vic Branch, MaxiTRANS Australia Pty Ltd (iv)	2008	103,026	–	–	10,763	37,526	16,558	167,873	–	22.4%	22.4%
Mr P Loimaranta	2009	140,400	–	19,858	12,636	–	–	172,894	11,493	6.2%	6.2%
General Manager – Colrain Pty Ltd (iv)	2008	70,000	10,000	19,858	7,200	37,526	–	144,584	–	32.9%	26.0%

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 Remuneration Committee. 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.

The fair value of options included in 2008 remuneration relates to options granted in 2008 which were not exercised and were subsequently cancelled on 31 March 2009 (refer to page 36 of the Remuneration Report). Employees derived no financial or other benefits from options granted in 2008 and cancelled in 2009.

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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

(iv) Mr M Mattia commenced employment with the Company in May 2008. 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 Controller, Colrain.

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

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

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
1 September 2008	EPS	31 Dec 2013	$0.090	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
1 September 2008	EPS	31 Dec 2013	$0.090	30 Sept 2010

Additional factors and assumptions that apply in respect of all the above grants and option types 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%
$0.62	$0.59	31%	5.67%	9.0%

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 consolidated entity executives is detailed below.

	Number of options			Value yet to vest	
	Granted	Cancelled	Held	Min	Max
Directors					
Mr M Brockhoff					
Options granted 4 December 2007	2,400,000	2,400,000	–	–	–
Company executives					
Mr M Mattia					
Options granted 1 September 2008	733,300	733,300	–	–	–
Mr G Walker					
Options granted 19 December 2007	800,000	800,000	–	–	–
Consolidated entity executives					
Mr A Wibberley					
Options granted 19 December 2007	500,000	500,000	–	–	–
Mr J Rush					
Options granted 19 December 2007	500,000	500,000	–	–	–
Mr N Zantuck					
Options granted 19 December 2007	500,000	500,000	–	–	–
Mr P Loimaranta					
Options granted 19 December 2007	500,000	500,000	–	–	–

All options granted and/or vested were cancelled on 31 March 2009.

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

Unissued Shares Under Option

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

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Audit and Risk Management Committee

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

Indemnity

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

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

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

The Company has entered into a contract of insurance in relation to the indemnity of the Company's directors and officers for a premium of $34,890. The insurance premium relates to claims for damages, judgements, settlements or costs in respect of wrongful acts committed by directors or officers in their capacity as directors or officers but excluding wilful, dishonest, fraudulent, criminal or malicious acts or omissions by any director or officer. The directors indemnified are those existing at the date of this report. The officers indemnified include each full time executive officer and secretary.

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

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

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

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

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

Share Options

Share options granted to directors and highly remunerated officers

No options were granted to any of the directors or the five most highly remunerated executives of the Company as part of their remuneration during or since the end of the financial year, except for options granted to Mr M Mattia on 1 September 2008.

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 (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Non-Audit Services

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

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the 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 39 and forms part of this Report of the Directors.

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

	Consolidated		The Company	
	2009 $	2008 $	2009 $	2008 $
Remuneration of Auditor				
Remuneration of the auditor of the Company for:				
KPMG Australia:				
– auditing or reviewing the financial statements	243,000	234,000	87,000	65,000
– other services (taxation & advisory)	100,000	66,000	34,000	14,000
	343,000	**300,000**	**121,000**	**79,000**
Overseas KPMG Firms:				
– due diligence services	34,000	120,000	–	120,000

Report of the Directors (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 2009

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 2009 there have been:

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

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

KPMG

KPMG
Melbourne
21 August 2009

Adrian V King
Partner

Directors Declaration

FOR THE YEAR ENDED 30 JUNE 2009

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

(a) The financial statements and notes, and the Remuneration Report in the Report of the Directors', as set out on pages 30 to 36, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting interpretations) and the Corporations Regulations 2001;

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

(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 2009.

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 21st day of August 2009

Income Statements

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		The Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Total revenue	2	252,621	290,740	15,698	11,781
Changes in inventories of finished goods and work in progress		(5,419)	3,085	–	–
Raw materials and consumables used		(155,096)	(175,116)	–	–
Other income	3	153	1,065	–	10
Employee expenses		(61,439)	(72,113)	(2,787)	(2,935)
Depreciation and amortisation expenses	4	(5,966)	(5,494)	(28)	(28)
Finance costs	4	(2,366)	(2,872)	–	–
Other expenses		(18,691)	(19,167)	(1,564)	(1,842)
Share of net profits of associates and joint ventures accounted for using the equity method	25	1,347	1,815	–	–
Profit before income tax & impairment charge		**5,144**	21,943	**11,319**	6,986
Impairment of goodwill/investment in controlled entity	11	(6,137)	–	(6,137)	–
Profit/(loss) before income tax		**(993)**	**21,943**	**5,182**	**6,986**
Income tax (expense)/benefit	5(a)	(901)	(5,842)	(82)	128
Profit/(loss) for the year		**(1,894)**	**16,101**	**5,100**	**7,114**
Attributable to:					
Equity holders of the parent	**18**	**(1,894)**	**16,101**	**5,100**	**7,114**
Earnings per share for profit /(loss) attributable to the ordinary equity holders of the company:					
Basic earnings per share (cents per share)	16	(1.09¢)	9.38¢		
Diluted earnings per share (cents per share)	16	(1.09¢)	9.37¢		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 45 to 82.

Statements of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		The Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Net exchange difference on translation of financial statements of foreign operations	17	(27)	(167)	–	–
Revaluation of land and buildings	17	(790)	6,176	–	–
Net (loss)/income recognised directly in equity		(817)	6,009	–	–
Profit/(loss) for the period		(1,894)	16,101	5,100	7,114
Total recognised income and expense for the period		**(2,711)**	**22,110**	**5,100**	**7,114**
Attributable to:					
Equity holders of the parent		**(2,711)**	**22,110**	**5,100**	**7,114**

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 45 to 82.

Balance Sheets

AS AT 30 JUNE 2009

		Consolidated		The Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current Assets					
Cash and cash equivalents		2,357	1,968	–	–
Trade and other receivables	6	20,727	32,623	35,986	33,581
Inventories	7	34,636	45,070	–	–
Current tax receivable	5(d)	455	–	609	–
Other	8	1,220	674	28	47
Total Current Assets		**59,395**	**80,335**	**36,623**	**33,628**
Non-Current Assets					
Investments accounted for using the equity method	9(a)	4,365	3,977	1,496	1,496
Investment in subsidiaries	9(b)	–	–	22,491	28,628
Property, plant & equipment	10	55,465	57,768	71	95
Intangible assets	11	26,013	33,082	–	–
Other	8	810	810	–	–
Total Non-Current Assets		**86,653**	**95,637**	**24,058**	**30,219**
Total Assets		**146,048**	**175,972**	**60,681**	**63,847**
Current Liabilities					
Trade and other payables	12	23,482	33,551	71	245
Interest bearing loans and borrowings	13	1,248	7,787	–	–
Income tax payable	5(d)	–	3,871	–	3,943
Provisions	14	5,803	6,969	–	–
Total Current Liabilities		**30,533**	**52,178**	**71**	**4,188**
Non-Current Liabilities					
Interest bearing loans and borrowings	13	25,345	26,755	–	–
Deferred tax liabilities	5(c)	5,357	5,355	460	359
Provisions	14	659	626	–	–
Total Non-Current Liabilities		**31,361**	**32,736**	**460**	**359**
Total Liabilities		**61,894**	**84,914**	**531**	**4,547**
Net Assets		**84,154**	**91,058**	**60,150**	**59,300**
Equity					
Issued capital	15	55,492	53,406	55,492	53,406
Reserves	17	9,884	10,701	–	–
Retained profits	18	18,778	26,951	4,658	5,894
Total Equity		**84,154**	**91,058**	**60,150**	**59,300**

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 45 to 82.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		The Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash Flows from Operating Activities					
Receipts from customers		289,400	334,945	4,232	3,723
Payments to suppliers & employees		(268,226)	(311,230)	(4,116)	(2,694)
Dividends received		–	–	11,489	8,000
Interest received		153	240	–	10
Interest & other costs of finance paid		(2,366)	(2,872)	–	–
Income tax paid		(4,889)	(2,483)	(4,838)	(1,430)
Net Cash Provided by (Used in) Operating Activities	26(a)	**14,072**	**18,600**	**6,767**	**7,609**
Cash Flows from Investing Activities					
Payments for property, plant & equipment		(2,061)	(4,253)	(5)	(38)
Dividends received		932	934	–	–
Proceeds from sale of property, plant & equipment		1,799	476	–	–
Net Cash Provided by (Used in) Investing Activities		**670**	**(2,843)**	**(5)**	**(38)**
Cash Flows from Financing Activities					
Net proceeds from share issue		1,747	–	1,747	–
Repayment of borrowings		(8,927)	(3,548)	–	–
Loans (to) from controlled entities		–	–	(2,408)	585
Payment of finance lease liabilities		(1,072)	(3,404)	–	–
Dividends paid		(6,101)	(8,158)	(6,101)	(8,158)
Net Cash Provided by (Used in) Financing Activities		**(14,353)**	**(15,110)**	**(6,762)**	**(7,573)**
Net increase (decrease) in cash		389	647	–	(2)
Cash and cash equivalents at beginning of year		1,968	1,321	–	2
Cash and cash equivalents at end of year		**2,357**	**1,968**	**–**	**–**

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 45 to 82.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

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 2009 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 financial report 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 was approved by the board of directors on 21 August 2009.

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 2009, 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.

- Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Consolidated Entity in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Consolidated Entity loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the profit or loss. The amendments to AASB 127, which become mandatory for the Consolidated Entity's 30 June 2011 financial statements are not expected to have a significant impact on the consolidated financial statements.

- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in the grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Consolidated Entity's 30 June 2010 financial statements, with retrospective application. The Consolidated Entity has not yet determined the potential effect of the amendment.

- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements are not expected to have any impact on the financial statements.

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

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

(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 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 into 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 into Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

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

(c) Inventories

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

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

(d) Property, plant and equipment

(i) Owned assets

Land and buildings

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Independent valuations were obtained as at 30 June 2008 and were updated at 30 June 2009 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 Asset Revaluation Reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is debited directly to equity under the heading of Asset Revaluation Reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Changes to an asset's carrying amount are brought to account together with the tax effects applicable to the revaluation amount.

Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation (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.

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:

	2009	2008
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.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

(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 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:

	2009	2008
Brand names	1.0%	1.0%
Intellectual property	2.0-5.0%	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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

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

(j) Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

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 Commonwealth Government bonds at the balance sheet date which have maturity dates approximating 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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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.

(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.

(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.

(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 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.

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.

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

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

(p) Tax consolidation

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

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 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.

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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) Other income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(iv) Dividend income

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

(t) Goods and services tax

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 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) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest method, foreign exchange losses, and losses on hedging instruments that are recognised in the income statement. 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 and Risk Management 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 1(h). These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

(ii) Provisions

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

(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 and Risk Management Committee responsibility for the establishment of policies on risk oversight and management.

Risk management policies are established to identify and analyse the risks faced by the Company and Consolidated Entity, 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 have not been any changes to the objectives, policies and procedures for managing risk during the current year or in the prior year.

(ii) Capital Management

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

The Board monitors the earnings per share and the levels of dividends to ordinary shareholders together with the net debt/equity ratio, which at 30 June 2009 was 29% (2008: 36%). During the year the Directors re-introduced the Dividend Reinvestment Plan and also approved a capital raising from shareholders with a Share Purchase Plan. 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
2. REVENUE				
Sale of goods	247,222	285,113	–	–
Rendering of services	5,399	5,627	4,209	3,781
Dividends received from wholly – owned controlled entities	–	–	11,000	8,000
Dividends received from associate	–	–	489	–
Total Revenue	252,621	290,740	15,698	11,781
3. OTHER INCOME				
Interest revenue from other parties	153	240	–	10
Profit on sale of land and buildings	–	825	–	–
Total Other Income	153	1,065	–	10

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
4. PROFIT FROM ORDINARY ACTIVITIES				
Profit from ordinary activities before related income tax expense has been determined after charging/(crediting) the following items:				
Cost of goods sold	206,171	221,338	–	–
Finance costs:				
– interest – bank loans and overdraft	2,122	2,571	–	–
– finance lease charges	244	301	–	–
Total finance costs	2,366	2,872	–	–
Employee benefits:				
Post employment benefits				
– Superannuation contributions	3,913	3,659	277	269
Redundancy costs	1,428	–	–	–
Depreciation:				
– property	434	437	–	–
– plant and equipment	3,922	3,300	28	28
Total depreciation	4,356	3,737	28	28
Amortisation of non-current assets:				
– intellectual property	818	819	–	–
– brand names	69	69	–	–
– patents and trademarks	45	45	–	–
– capitalised leased assets	678	824	–	–
Total amortisation	1,610	1,757	–	–
Net expenses from movements in provision for:				
– employee entitlements	(1,201)	714	–	–
– warranty	68	150	–	–
– other	203	927	–	–
Net expense resulting from movements in provisions	(930)	1,791	–	–
Rental expense on operating leases	2,327	2,113	58	42
Research and development expenditure written off as incurred	939	826	–	–
Crediting as income:				
Net (gain)/loss on disposal of:				
– property plant and equipment	(42)	(1,011)	–	–

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
5. TAXATION				
(a) Income tax				
Numerical reconciliation between tax expense and pre-tax net profit				
Prima facie tax payable on operating profit at 30% (2008: 30%)	(298)	6,583	1,555	2,096
Add/(deduct) tax effect of:				
Research & development allowance	(374)	(450)	–	–
Non deductible expenses	1,941	116	1,892	49
Income tax expense related to current and deferred tax transactions of the wholly-owned subsidiaries in the tax consolidated group	–	–	333	5,630
Recovery of income tax expense under a tax sharing agreement	–	–	(333)	(5,630)
Associate equity accounted income	(404)	(545)	–	–
Effect of tax rate change in foreign jurisdiction	–	101	–	–
Sundry items	–	(4)		
– Prior year adjustments	(12)	(86)	50	–
Non assessable dividend income	–	–	(3,446)	(2,400)
Share based payments	48	127	31	127
	1,199	(741)	(1,473)	(2,224)
Income tax expense in income statement	**901**	**5,842**	**82**	**(128)**
Income tax expense attributable to operating profit is made up of:				
Current tax expense	590	4,998	(99)	(73)
Deferred tax expense				
– origination and reversal of temporary difference	163	992	112	(55)
– prior year adjustment – current year	(12)	(86)	50	–
– prior year adjustment – deferred differences	160	(62)	19	–
Income tax expense in income statement	901	5,842	82	(128)

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
5. TAXATION (CONTINUED)				
(b) Deferred tax assets				
The deferred tax assets are made up of the following estimated tax benefits:				
– Provisions and accrued employee benefits not currently deductible	2,897	3,501	14	36
– Leases	233	156	–	–
– Depreciation and amortisation	62	56	–	–
– Carry forward losses	6	6	6	6
– Intellectual property	368	312	–	–
– Net tax (asset)/liabilities	(3,566)	(4,031)	(20)	(42)
	–	**–**	**–**	**–**
Balance at beginning of year	–	–	–	–
Reversal of prior period offset	4,031	3,166	42	114
Recognised in income	(465)	865	(22)	(72)
Net tax (asset)/liabilities	(3,566)	(4,031)	(20)	(42)
	–	**–**	**–**	**–**
(c) Deferred tax liabilities				
The deferred tax liability is made up of the following estimated tax expenses:				
– Difference in amortisation of intangibles for income tax and accounting purposes	3,720	3,698	475	396
– Deferred expenses	261	78	–	–
– Depreciation and amortisation	4,610	5,099	5	5
– Other	332	511	–	–
– Net tax (asset)/liabilities	(3,566)	(4,031)	(20)	(42)
	5,357	**5,355**	**460**	**359**
Balance at beginning of year	5,355	3,549	359	207
Reversal of prior period offset	4,031	3,166	42	114
Recognised in income	(102)	33	79	80
Recognised in equity	(361)	2,638	–	–
Net tax (asset)/liabilities	(3,566)	(4,031)	(20)	(42)
	5,357	**5,355**	**460**	**359**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

5. TAXATION (CONTINUED)

(d) Current tax asset – receivable/(liabilities – payable)

The current tax asset/(liability) for the Consolidated Entity of $455,000 (2008: ($3,871,000)) and for the Company of $609,000 (2008: ($3,943,000)) 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
6. TRADE AND OTHER RECEIVABLES				
Trade debtors [i]	21,103	31,039	–	–
Provision for impairment loss	(500)	(159)	–	–
	20,603	30,880	–	–
Other debtors	124	1,743	–	–
Amounts receivable from:				
– controlled entities	–	–	35,986	33,581
Total trade and other receivables	**20,727**	**32,623**	**35,986**	**33,581**

(i) Selected trade debtors' invoices of a controlled entity are pledged as security for the "Invoice finance" facility. As at 30 June 2009 $Nil (2008: $5,404,000) was drawn under this facility.

	Consolidated 2009		Consolidated 2008	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Impairment losses				
Not past due	14,509	–	24,615	–
Past due 0 – 30 days	3,420	–	5,659	–
Past due 31 – 60 days	757	–	468	–
Past due 61 days	2,417	500	297	159
	21,103	**500**	**31,039**	**159**

	Consolidated	
	2009 $'000	2008 $'000
The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:		
Balance at 1 July	159	92
Impairment loss recognised	513	145
Bad debts	(172)	(78)
Balance at 30 June	**500**	**159**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		The Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
7. INVENTORIES					
Second-hand units – at net realisable value		3,461	3,046	–	–
Finished goods – at cost		16,563	21,717	–	–
Work in progress – at cost		4,090	4,626	–	–
Raw materials – at cost		11,574	16,260	–	–
Less: provision for impairment loss		(1,052)	(579)	–	–
Total inventories		**34,636**	**45,070**	**–**	**–**
8. OTHER ASSETS					
Current					
Employee expense advances		–	4	–	–
Prepayments		1,220	670	28	47
		1,220	**674**	**28**	**47**
Non-current					
Other debtors		810	810	–	–
		810	**810**	**–**	**–**
9. INVESTMENTS	**Note**				
Non-current					
(a) Investments accounted for using the equity method					
– associated entities	25	4,365	3,977	–	–
Investments at cost	25	–	–	1,496	1,496
		4,365	**3,977**	**1,496**	**1,496**
(b) Investments in controlled entities – at cost	23	**–**	**–**	**22,491**	**28,628**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
10. PROPERTY PLANT & EQUIPMENT				
Land and Buildings				
Land and buildings at fair value	38,777	39,698	–	–
Accumulated depreciation	–	–	–	–
Total land and buildings	**38,777**	**39,698**	**–**	**–**
Plant and Equipment				
Plant & equipment at cost	28,608	26,468	31	32
Accumulated depreciation	(16,677)	(13,818)	(11)	(7)
	11,931	12,650	20	25
Office equipment at cost	4,197	3,982	128	139
Accumulated depreciation	(3,140)	(2,956)	(77)	(69)
	1,057	1,026	51	70
Leased plant & equipment	4,879	3,353	–	–
Accumulated depreciation	(1,257)	(886)	–	–
	3,622	2,467	–	–
Capital work in progress	78	1,927	–	–
Total plant and equipment	**16,688**	**18,070**	**71**	**95**
Total property plant and equipment	**55,465**	**57,768**	**71**	**95**

Independent valuations were obtained as at 30 June 2008 and updated at 30 June 2009 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	39,698	31,992	–	–
Disposal	–	(675)	–	–
Additions	641	–	–	–
Fair value (decrement)/increment	(1,151)	8,814	–	–
Depreciation	(434)	(437)	–	–
Exchange rate variance	23	4	–	–
Carrying amount at the end of year	**38,777**	**39,698**	**–**	**–**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Plant and equipment				
Carrying amount at the beginning of year	12,650	9,954	24	29
Additions	133	561		–
Transfers from capital works in progress	2,581	2,792	–	–
Transfers (to)/from leased plant and equipment	222	2,336	–	–
Disposals	(255)	(244)	–	–
Depreciation	(3,399)	(2,750)	(4)	(5)
Exchange rate variance	(1)	1	–	–
Carrying amount at the end of year	**11,931**	**12,650**	**20**	**24**
Office equipment				
Carrying amount at the beginning of year	1,026	1,010	70	55
Additions	165	575	5	38
Transfers from capital work in progress	391	–	–	–
Disposals	(2)	(10)	–	–
Depreciation	(523)	(550)	(24)	(23)
Exchange rate variance	–	1	–	–
Carrying amount at the end of year	**1,057**	**1,026**	**51**	**70**
Leased plant and equipment				
Carrying amount at the beginning of year	2,467	4,870	–	–
Additions	2,055	793	–	–
Disposals	–	(36)	–	–
Transfers from/(to) plant and equipment	(222)	(2,336)	–	–
Amortisation	(678)	(824)	–	–
Carrying amount at the end of year	**3,622**	**2,467**	**–**	**–**
Capital works in progress				
Carrying amount at the beginning of year	1,928	1,603	–	–
Additions	1,122	3,117	–	–
Transfers to property, plant and equipment	(2,972)	(2,792)	–	–
Carrying amount at the end of year	**78**	**1,928**	**–**	**–**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
11. INTANGIBLES				
Goodwill at cost	3,615	9,752	–	–
Brand names at cost	6,930	6,930	–	–
Accumulated amortisation	(622)	(553)	–	–
	6,308	6,377	–	–
Intellectual property at cost	22,649	22,649	–	–
Accumulated amortisation	(7,182)	(6,364)	–	–
	15,467	16,285	–	–
Patents and trademarks at cost	891	891	–	–
Accumulated amortisation	(268)	(223)	–	–
	623	668	–	–
Total Intangibles	**26,013**	**33,082**	**–**	**–**
Segment level summary of the goodwill allocation				
New trailer and tipper units	3,615	3,615	–	–
Parts and service	–	6,137	–	–
	3,615	**9,752**	**–**	**–**

Impairment tests for Goodwill

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

The Group performed impairment testing pursuant to AASB 136 due to the existence of potential indicators of impairment during the year ended 30 June 2009. As a result of this testing, the carrying amount of the parts and service cash-generating unit was determined to be higher than its recoverable amount and an impairment loss of $6,137,000 was recognised (2008: $nil). The impairment loss was allocated fully to goodwill.

The recoverable amount of the parts and service CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on most recent budgeted projections extrapolated using estimated growth rates for a five year period. The growth rate used is 4% which is based on the Australian Government, Department of Transport and Regional Services, 2004 Auslink White Paper and the post tax discount rate used was 13.5% (2008: 12.1%).

The recoverable amount of the new trailer and tipper units 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 for a five year period. The growth rate used is 4% which is based on the Australian Government, Department of Transport and Regional Services, 2004 Auslink White Paper and the post tax discount rate used is 12.1% (2008: 12.1%). Any change in assumptions may impact the value-in-use calculation and therefore the carrying value of goodwill and other relevant assets.

12. TRADE AND OTHER PAYABLES				
Trade creditors	17,148	27,090	12	12
Other creditors and accruals	6,334	6,461	59	233
Total trade and other payables	**23,482**	**33,551**	**71**	**245**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		The Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
13. INTEREST BEARING LOANS AND BORROWINGS					
Current					
Invoice Finance & overdraft	30(e)	–	6,932	–	–
Lease liability	27(a)	1,248	855	–	–
Total current interest bearing liabilities		**1,248**	**7,787**	**–**	**–**
Non Current					
Bank loans – secured	30(e)	22,935	24,935	–	–
Lease liability	27(a)	2,410	1,820	–	–
Total non-current interest bearing liabilities		**25,345**	**26,755**	**–**	**–**
14. PROVISIONS					
Current					
Employee entitlements		4,370	5,604	–	–
Warranty		1,433	1,365	–	–
Total current provisions		**5,803**	**6,969**	**–**	**–**
Non Current					
Employee entitlements		659	626	–	–
Aggregate employee entitlements liability		**5,029**	**6,230**	**–**	**–**
Reconciliations					
Reconciliations of the carrying amounts of each class of provision, except for employee benefits, are set out below:					
Warranty					
Carrying amount at beginning of year		1,365	1,215	–	–
Provisions made during the year		68	150	–	–
Carrying amount at end of year		**1,433**	**1,365**	**–**	**–**

	Consolidated		The Company	
	2009	2008	2009	2008
Number of employees at year end	**786**	**1,098**	**12**	**12**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
15. SHARE CAPITAL				
181,402,667 (2008: 171,742,155) fully paid ordinary shares	55,492	53,406	55,492	53,406
Total	**55,492**	**53,406**	**55,492**	**53,406**

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Ordinary Shares paid up Capital at the beginning of the financial year 171,742,155	53,406	53,406	53,406	53,406
Shares issued during the year:				
– 1,525,642 on 24 April 2009 (i)	339	–	339	–
– 8,134,870 on 27 April 2009 (ii)	1,790	–	1,790	–
– Transaction costs arising from the issue of shares pursuant to share purchase plan	(43)	–	(43)	–
At end of financial year	**55,492**	**53,406**	**55,492**	**53,406**

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

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

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

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

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

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

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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	
	2009 – $'000	2008 – $'000
Earnings reconciliation		
Net profit (loss)	(1,894)	16,101
Basic earnings	(1,894)	16,101

	Consolidated	
	2009 – Number	2008 – Number
Weighted average number of shares		
Number for basic earnings per share – ordinary shares	173,541,922	171,742,155
Effect of executive share options	–	103,624
Number for diluted earnings per share	**173,541,922**	**171,845,779**

17. RESERVES

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Foreign currency translation	(455)	(428)	–	–
Asset revaluation	10,339	11,129	–	–
Total	**9,884**	**10,701**	**–**	**–**
Foreign currency translation reserve – movements during the year				
Balance at beginning of year	(428)	(261)	–	–
Net exchange difference on translation of foreign associate	(27)	(167)	–	–
	(455)	**(428)**	**–**	**–**
Asset revaluation reserve – movements during the year				
Balance at beginning of the year	11,129	5,535	–	–
Revaluation of land and buildings	(1,151)	8,814	–	–
Deferred tax liability	361	(2,638)		–
Transfer to Retained Earnings	–	(582)	–	–
	10,339	**11,129**	**–**	**–**

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.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		The Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
18. RETAINED PROFITS					
Retained profits at beginning of year		26,951	18,002	5,894	6,514
Net profit attributable to members of the parent entity		(1,894)	16,101	5,100	7,114
Share based payments		161	424	104	424
Dividends	19	(6,440)	(8,158)	(6,440)	(8,158)
Transfer from reserves		–	582	–	–
Retained profits at end of year		**18,778**	**26,951**	**4,658**	**5,894**

19. DIVIDENDS

Dividends proposed or paid are:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percent franked
2009					
Interim – ordinary	1.00	1,717	24 April 2009	30% (Class C)	100%
Total franked amount	**1.00**	**1,717**			
2008					
Final – ordinary	2.75	4,723	10 October 2008	30% (Class C)	100%
Interim – ordinary	2.75	4,723	21 April 2008	30% (Class C)	100%
Total franked amount	**5.50**	**9,446**			

Dividend re-investment plan

The Company reintroduced a dividend reinvestment plan ("DRP"), which had been suspended effective 21 February 2005, 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.

Dividend franking account

	The Company	
	2009 $'000	2008 $'000
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	3,593	5,888

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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 $Nil (2008: $2,024,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $3,593,000 (2008: $5,888,000) franking credits.

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 2009

Business Segments	Sales of New Trailer & Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue					
External segment revenue	204,110	45,463	3,048	–	252,621
Inter-segment revenue	4,212	6,654	–	(10,866)	–
Total segment revenue	**208,322**	**52,117**	**3,048**	**(10,866)**	**252,621**
Segment Result					
Net profit before tax & impairment charge	5,131	761	(133)		5,759
Impairment charge	–	(6,137)	–	–	(6,137)
	5,131	**(5,376)**	**(133)**	**–**	**(378)**
Share of net profit of equity accounted investments					1,347
Unallocated corporate expenses					(1,962)
Profit before related income tax expense					**(993)**
Income tax expense					(901)
Net profit					**(1,894)**
Depreciation and amortisation	4,695	1,033	8	–	5,736
Unallocated depreciation and amortisation					230
Total depreciation and amortisation					**5,966**
Assets					
Segment assets	108,910	24,762	2,622	–	136,294
Unallocated corporate assets					9,754
Consolidated total assets					**146,048**
Liabilities					
Segment liabilities	14,474	5,583	58	–	20,115
Unallocated corporate liabilities					41,779
Consolidated total liabilities					**61,894**
Capital expenditure	3,141	900	–	–	4,041
Unallocated capital expenditure					75
Consolidated capital expenditure					**4,116**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

20. SEGMENT INFORMATION (CONTINUED)

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
Revenue					
External segment revenue	241,292	47,043	2,405	–	290,740
Inter-segment revenue	2,837	6,120	–	(8,957)	–
Total segment revenue	**244,129**	**53,163**	**2,405**	**(8,957)**	**290,740**
Segment result					
Net profit before tax	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)
Net profit					**16,101**
Depreciation and amortisation	4,274	983	7	–	5,264
Unallocated depreciation and amortisation					230
Total depreciation and amortisation					**5,494**
Assets					
Segment assets	131,166	34,194	1,312	–	166,672
Unallocated corporate assets					9,300
Consolidated total assets					**175,972**
Liabilities					
Segment liabilities	14,533	3,923	–	–	18,456
Unallocated corporate liabilities					66,458
Consolidated total liabilities					**84,914**
Capital expenditure	3,397	1,205	36	–	4,638
Unallocated capital expenditure					408
Consolidated capital expenditure					**5,046**

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 (cont)

FOR THE YEAR ENDED 30 JUNE 2009

21. EXECUTIVE SHARE OPTION PLAN

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

Each option granted under the EOP is convertible to one ordinary share. The exercise price of options granted under the EOP was 65 cents and 62 cents.

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

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 would vest if the Company achieved its target earnings per share for that financial year.

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

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

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 2009

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

All options that vested during the period were cancelled.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

21. EXECUTIVE SHARE OPTION PLAN (CONTINUED)

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 ($)
Former Executive Option Plan approved 4 November 2004								
18 Mar 2005 31 Mar 2005	30 Sep 2007	31 Dec 2008	75	1,940,000	-	1,940,000	-	-
Director and Executive Options approved 19 October 2007								
4 Dec 2007 19 Dec 2007	30 Sep 2008	31 Dec 2013	65	-	1,900,000		1,900,000	-
4 Dec 2007 19 Dec 2007	30 Sep 2009	31 Dec 2013	65	-	1,900,000		1,900,000	-
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.

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	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Share Options granted in 2008 and 2009 financial years	161	424	104	424
Total share based payment (income) expense recognised as employee costs	**161**	**424**	**104**	**424**

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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. 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
- Mr R Wylie (appointed September 2008)

Executive directors

- Mr M Brockhoff (Managing Director)

Executives

Company:

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

Consolidated:

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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:

2009 Shares

MaxiTRANS Industries Limited	Held at 1 July 2008	Purchases	Sales	Held at 30 June 2009
Directors:				
Mr M Brockhoff	2,229,000	50,000	–	2,279,000
Mr I Davis	1,112,200	22,728	–	1,134,928
Mr J Curtis (i)	20,335,375	3,521,573	–	23,856,948
Mr G Lord	4,034,414	–	2,994,810	1,039,604
Mr R Wylie	–	21,364	–	21,364

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

Executive:				
Mr. P Loimaranta	–	5,000	–	5,000

2008 Shares

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

Options

Details of directors and executives options are set out in the Remuneration Report on pages 35 and 36.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

22. RELATED PARTY DISCLOSURES (CONTINUED)

(e) Directors' transactions in shares and share options

Directors and their related entities acquired 3,615,665 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 $108,000 (2008: $164,000) to Minter Ellison of which Mr I. Davis is a senior partner. All dealings were in the ordinary course of business and on normal commercial terms and conditions. Amounts owing at year end total $Nil (2008: $6,000).

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 36) are as follows:

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Short-term employee benefits	2,352	1,626	1,514	1,011
Post-employment benefits	275	182	206	133
Share based payment benefits	150	386	104	236
	2,777	2,194	1,824	1,380

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

23. INVESTMENT IN CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Country of incorp.	Class of shares	Interest held	
			2009 %	2008 %
The Company:				
MaxiTRANS Industries Limited				
Controlled entities of MaxiTRANS Industries Limited:				
MaxiTRANS Australia Pty Ltd	Aust.	Ord.	100	100
Transtech Research Pty Ltd	Aust.	Ord.	100	100
Trail Truck Parts Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Industries (N.Z.) Pty Ltd	Aust.	Ord.	100	100
Peki Pty Ltd	Aust.	Ord.	100	100
Ultraparts Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Services Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Finance Pty Ltd	Aust.	Ord.	100	100
Lusty EMS Pty Ltd	Aust.	Ord.	100	100
Hamelex White Pty Ltd	Aust.	Ord.	100	100
Colrain Pty Ltd	Aust.	Ord.	100	100
– Colrain Queensland Pty Ltd	Aust.	Ord.	100	100
– Colrain (Albury) Pty Ltd	Aust.	Ord.	100	100
– Colrain (Ballarat) Pty Ltd	Aust.	Ord.	100	100
– Colrain (Geelong) Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS (China) Limited	Hong Kong	Ord.	100	100

24. DEED OF CROSS GUARANTEE

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

.The consolidated 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 2009 is the same as for the Consolidated Entity.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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	
		2009 %	2008 %	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Freighter Maxi-Cube Queensland Pty Ltd	Trailer retailer	36.67	36.67	2,347	1,818	–	–
Yangzhou Maxi-Cube Tong Composites Co. Limited	Panel manufacturer	50.00	50.00	2,018	2,159	1,496	1,496
				4,365	**3,977**	**1,496**	**1,496**

	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
2009	62,117	3,403	1,347	25,996	16,657	9,309	4,365
2008	66,618	4,607	1,815	18,383	10,234	8,149	3,563

	Consolidated	
	2009 $'000	2008 $'000
Movements in carrying amounts of investments in associates		
Carrying amount of investments in associates at the beginning of the financial year	3,977	3,263
Profit distribution from associates	(932)	(934)
Share of associates' profit and loss	1,347	1,815
Share of increment (decrement) in foreign currency reserves	(27)	(167)
Carrying amount of investments in associates at end of year	**4,365**	**3,977**
Results of associates		
Share of associates profit and loss before income tax	1,887	2,498
Share of associates income tax expense relating to profit and loss from ordinary activities	(540)	(683)
Share of associates net profits using the equity method	1,347	1,815
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	2,194	1,313
Share of associates net profits using the equity method	1,347	1,815
Profits distributed from associates	(932)	(934)
Share of associates retained profits at end of year	**2,609**	**2,194**

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

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Commitments

The share of associates capital commitments contracted but not provided for or payable within one year was $146,000 at 30 June 2009 (2008: $37,000).

26. NOTE TO THE STATEMENTS OF CASH FLOWS

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

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit/(loss) for the period	(1,894)	16,101	5,100	7,114
Non cash flows in operating profit				
Depreciation/amortisation of assets	5,966	5,494	28	28
(Profit)/loss on sale of fixed assets	(42)	(1,011)	–	–
Share of associates (profit)/loss	(1,347)	(1,815)	–	–
Executive share options expense	161	424	104	424
Impairment of goodwill	6,137	–	6,137	–
Change in assets & liabilities				
(Increase)/decrease in receivables	9,936	(481)	–	–
(Increase)/decrease in other assets	(428)	(545)	22	(47)
(Increase)/decrease in inventories	10,104	(9,833)	–	–
Increase/(decrease) in accounts payable and other liabilities	(10,066)	5,673	(174)	(211)
Increase/(decrease) in income tax payable	(4,326)	4,336	(4,552)	178
Increase/(decrease) in deferred taxes	334	(831)	102	123
Increase/(decrease) in provisions	(463)	1,088	–	–
Net cash from operating activities	**14,072**	**18,600**	**6,767**	**7,609**

(b) Non-cash financing and investing activities

Acquisition of plant & equipment by means of finance leases	**2,055**	**793**	**–**	**–**

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

During the year ended 30 June 2009, 1,525,925 shares with a value of $338,908 were issued in accordance with the Company's ordinary share dividend re-investment plan (2008: Nil).

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
27. CAPITAL AND LEASING COMMITMENTS				
(a) Finance lease commitments				
Payable				
– not later than 1 year	1,053	1,015	–	–
– later than 1 year	3,295	2,156	–	–
Minimum lease payments	4,348	3,171	–	–
Future finance charges	(690)	(496)	–	–
Total lease liability	**3,658**	**2,675**	**–**	**–**

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 an agreed residual purchase price.

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
(b) Operating lease commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
– not later than 1 year	1,502	1,253	–	–
– later than 1 year but not later than 5 years	701	1,486	–	–
Total operating lease commitments	**2,203**	**2,739**	**–**	**–**

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.

	Consolidated 2009 $'000	Consolidated 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
c) Capital expenditure commitments				
Contracted but not provided for and payable not later than 1 year	**841**	**925**	**–**	**–**

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 (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $	2008 $	2009 $	2008 $
29. REMUNERATION OF AUDITOR				
Remuneration of the auditor of the Company for:				
KPMG Australia				
– auditing or reviewing the financial statements	243,000	234,000	87,000	65,000
– other services (taxation & advisory)	100,000	66,000	34,000	14,000
	343,000	**300,000**	**121,000**	**79,000**
Overseas KPMG Firms				
– Due diligence services	34,000	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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
INTEREST RATE RISK				
Financial Assets				
Cash and cash equivalents	2,357	1,968	–	–
Financial Liabilities				
Fixed rate instruments	10,658	7,175	–	–
Floating rate borrowings	15,935	27,367	–	–

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Judgement of reasonably possible movements				
100bp increase with all other variables held constant	(112)	(191)	–	–
100bp decrease with all other variables held constant	112	191	–	–

(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 counter party. 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	
	2009 $'000	2008 $'000
Financial assets		
Recognised financial assets		
Trade receivables	20,603	30,880
Other receivables	934	2,553
	21,537	**33,433**

(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.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

Forward exchange contracts

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

	Consolidated							
	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2009	2008	2009 FC'000	2008 FC'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Buy US Dollar	0.7702	0.9622	648	688	841	716	(21)	–
Buy EUR	0.5638	0.6162	38	125	67	205	–	2
Buy GBP	0.4848	–	32	–	67	–	–	–
					975	921	(21)	2

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Judgement of reasonably possible movements				
US Dollar				
10.0 cents increase with all other variables held constant	79	49	–	–
EUR				
10.0 cents increase with all other variables held constant	7	8	–	–
GBP				
10.0 cents increase with all other variables held constant	8	–	–	–

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

(e) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. 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.

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

Effective interest rate on borrowings 5.57%

2008	6 months or less	6-12 months	1-2 years	2-5 years	Greater than 5 years
	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Cash and cash equivalents	1,968	–	–	–	–
Accounts & other receivables	30,973	1,650	–	–	–
Financial Liabilities					
Accounts payable	33,551	–	–	–	–
Borrowings	7,360	427	10,345	16,411	–

Effective interest rate on borrowings 8.23%

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		The Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Finance Facilities				
At year end, the Consolidated Entity had the following financing facilities in place with its bankers:				
Available facilities				
Loan facility	31,415	31,415	–	–
Overdraft and invoice finance	11,000	11,000	–	–
Lease facility	13,800	15,150	–	–
	56,215	**57,565**	**–**	**–**
Facilities utilised at balance date				
Loan facility	22,935	24,935	–	–
Overdraft and invoice finance	–	6,932	–	–
Lease facility	3,658	2,675	–	–
	26,593	**34,542**	**–**	**–**
Facilities not utilised at balance date				
Loan facility	8,480	6,480	–	–
Overdraft and invoice finance	11,000	4,068	–	–
Lease facility	10,142	12,475	–	–
	29,622	**23,023**	**–**	**–**

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 $38,150,000 (2008: $37,312,000).

The loan facilities are available until 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 2009 and 2008 financial years.

Notes to the Financial Statements (cont)

FOR THE YEAR ENDED 30 JUNE 2009

(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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assets				
Traded on organised markets	–	–	–	–
Not readily traded				
Trade receivables	20,603	30,880	20,603	30,880
Other receivables	534	2,153	534	2,153
Financial liabilities				
Traded on organised markets	–	–	–	–
Not readily traded				
Accounts payable	23,482	33,551	23,482	33,551
Bank loans	22,935	31,867	22,935	31,867
Finance leases	3,658	2,675	3,658	2,675

In addition, net fair value in relation to foreign exchange contracts and interest rate swaps unrecognised at year end totals $36,000 gain (2008: $2,000 gain)

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 2009.

Independent Audit Report

FOR THE YEAR ENDED 30 JUNE 2009

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 2009, 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 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, 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.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of 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 2009 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 2009. 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 2009, complies with Section 300A of the Corporations Act 2001.

KPMG
KPMG
Melbourne
21 August 2009

Adrian V King
Adrian V King
Partner

Australian Stock Exchange Additional Information

FOR THE YEAR ENDED 30 JUNE 2009

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 2009 are:

	Ordinary shares
Perpetual Limited and subsidiaries	23,472,627
Transcap Pty Ltd & related parties	24,340,178

Voting rights

As at 31 July 2009, there were 4,480 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 2009, there were no unquoted options over unissued ordinary shares.

Distribution of shareholders
(As at 31 July 2009)

Category – No of shares	No of shareholders
1-1,000	293
1,001 – 5,000	1.117
5,001 – 10,000	910
10,001 – 100,000	1,983
100,001 and over	177
	4,480

Shareholders with less than a marketable parcel

As at 31 July 2009, there were 502 shareholders holding less than a marketable parcel of 1,819 ordinary shares ($0.275 on 31 July 2009) in the Company totalling 463,557 ordinary shares.

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

Australian Stock Exchange Additional Information (cont)

FOR THE YEAR ENDED 30 JUNE 2009

TWENTY LARGEST SHAREHOLDERS – ORDINARY SHARES (AS AT 31 JULY 2009)

Name	Number of fully paid ordinary shares held	Percentage held of issued ordinary shares
RBC Dexia Investor Services Australia Nominees Pty Ltd	24,879,448	13.72%
Transcap Pty Ltd	17,935,549	9.89%
Citicorp Nominees Pty Ltd	5,414,187	2.98%
Toroa Pty Ltd	3,790,000	2.09%
Sandhurst Trustees Ltd	3,121,071	1.72%
J P Morgan Nominees Australia Limited	2,070,150	1.14%
Tanerka Pty Ltd	2,015,000	1.11%
John E Gill Trading Pty Ltd	1,483,175	0.82%
HSBC Custody Nominees (Australia) Limited	1,362,352	0.75%
John E Gill Operations Pty Ltd	1,313,078	0.72%
Mr E D Ross	1,279,943	0.71%
Mr J R Curtis	1,253,429	0.69%
Denvorcorp Holdings Pty Ltd	1,134,928	0.63%
National Nominees Limited	1,102,992	0.61%
De Bruin Securities Pty Ltd	1,067,752	0.59%
Mr M Brockhoff	1,050,000	0.58%
Mr P H Hall	1,000,000	0.55%
Medical Research Foundation for Women and Babies	1,000,000	0.55%
Mr D M Croft	970,000	0.53%
Belgravia Strategic Equities Pty Ltd	939,604	0.52%
TOTAL	**74,182,658**	**40.89%**

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