



Since 1998, MaxiTRANS' Chinese joint venture and now subsidiary, MTC, has manufactured over 10,000 sets of body panels for China Post's truck bodies.

CHAIRMAN'S & MANAGING DIRECTOR'S REVIEW

Your Board and management team have achieved a number of important milestones in the ongoing strategic positioning and development of the MaxiTRANS group during FY11, despite the continuation of a difficult trading environment in the trailer market as a result of a domestic economy that continues to contract in some segments other than mining and resources.

During the year the Board conducted an extensive strategic review as a result of a reduction in demand for trailers after the expiry of the Federal Government's Investment Allowance and the dissipation of the stimulatory effects of the Government's Stimulus Package.

STRATEGIC ACHIEVEMENTS

Enhanced competitiveness

Following a detailed review of our Australian manufacturing footprint, the Hamelex White manufacturing operations were consolidated into our Ballarat manufacturing facility and a new integrated retail branch and service facility was established in Dandenong.

An extensive re-lay of the Ballarat manufacturing facility was undertaken which has improved production flow and efficiency and has preserved production capacity. In addition to a normalised annual net

fixed cost saving of approximately \$2 million, the consolidation will improve the competitiveness of our products in the market place.

Expansion in China

As part of our strategy to diversify the earnings base of the Group, we successfully completed the acquisition of the remaining 50% equity in our Chinese joint venture company, Yangzhou Maxi-Cube Tong Composites Co Ltd (MTC).

MTC is a leading supplier of composite panel products to the Chinese transportation industry and is well positioned to benefit from the ongoing growth and development of the market into the future. Having maximised our current manufacturing capacity, we are in the process of building a manufacturing facility on a larger site in Yangzhou and expect the new plant to be operational in late FY12. This will treble current capacity.

As part of the growth strategy for MTC, we will also complete the sale of 20% of the equity in the company to the existing MTC management team in early FY12.

Expansion in New Zealand

Our New Zealand operation has a strong market share in vans and has built an enviable reputation in the market. As part of a strategy to further grow the business and to diversify its product portfolio, a larger, purpose built, manufacturing and service facility is in the process of being constructed. The new facility is expected to be completed and operational in the first half of FY12.

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There is a wide range of parts and original equipment components available through Colrain's wholesale and retail networks.

CHAIRMAN'S & MANAGING DIRECTOR'S REVIEW (CONT)

Mining and Resources Sector

As a result of increasing demand from the resources sector, we have appointed a dedicated senior manager, supported by engineering and sales resources, to drive and manage our future growth in this area.

During FY11 we secured our first significant contract to design and manufacture extra heavy duty side tippers for coal cartage in Queensland. These units have a combined payload of approximately 180 tonnes which, together with our existing range of side tippers, provides a foundation to continue to develop our presence and credibility in this market.

Strong Balance Sheet

The proactive and aggressive management of our balance sheet has been a key focus over the last few financial years and further positive progress has been made in this area during FY11.

Strong operational cash flow, together with the settlement of the sale of the Hamelex White manufacturing site in May 2011, have resulted in a significant reduction in net debt and gearing levels during the year. Our balance sheet has not been in such a strong position for several years and the Board is of the opinion that this is appropriate given the current state of the domestic economy and its outlook.





MaxiTRANS New Zealand's new manufacturing, service and sales facility will be completed during spring 2011.

As a result of the implementation of these strategic initiatives and our strong balance sheet, we continue to be very well positioned to benefit from an improvement in the economic and trading environment and to pursue incremental investment and expansion opportunities.

OPERATIONAL PERFORMANCE

After three consecutive interest rate increases late in FY10 we started FY11 with a small order bank and low levels of order intake as consumer and business sentiment was adversely impacted. Customer access to credit remained tight and we saw further operator rationalisation occur. Although the significant level of surplus used equipment which had impacted the trailer market in FY10 was absorbed, general conditions remained flat for the first half of the year and we confronted significant pressure on pricing and margins as surplus capacity continued in the industry.

The second half of the financial year saw an improvement in demand for trailers in Australia. Overall order intake increased by 30% in 2H11 compared with 1H11 with trailers, vans and bodies increasing by 45% and tippers by 14%. Total order intake for the full year was, however, down 12% on FY10.

As a result of the improvement in order intake in 2H11, the order bank at the end of FY11 is up by 24% on the order bank at the end of FY10. This will provide a strong start to FY12 and will enable the Group to achieve enhanced returns from the structural improvements made to the business over the last 12 months.

FINANCIAL PERFORMANCE

MaxiTRANS posted an EBIT result of \$5.9 million and a net profit after tax of \$4.2 million in FY11.

This result includes restructuring costs of \$2.5 million (\$1.7 million after tax), gains on the sale of properties of \$706,000 (\$494,000 after tax) and a gain on the first time consolidation of MTC of \$1.7 million (\$1.7 million after tax).

Revenue for the year decreased by 14% to \$202 million following lower sales volumes, whilst gross margins improved from the prior year despite continuing surplus capacity in the trailer manufacturing industry.

A total operating cash flow of \$9.1 million was generated during the year. This, together with the sale of surplus properties, facilitated a \$12.1 million reduction in net debt during the year from \$21.9 million to \$9.8 million and a reduction in the net debt/equity ratio from 25% at the end of FY10 to 11% at the end of FY11. Since FY07, net debt has reduced by approximately \$30 million and net debt/equity has fallen from a peak of 51%.

CHAIRMAN'S & MANAGING DIRECTOR'S REVIEW (CONT)

DIVIDENDS

The Board has announced that a fully franked final dividend of 1.5 cents per share will be paid on the 21st of October 2011 to all holders of ordinary shares at the record date, the 30th of September 2011. As a result of a strong balance sheet, a low debt level and sound operational cash flows, the Company's Dividend Reinvestment Plan was suspended on the 21st of June 2011.

REVIEW OF OPERATIONS

1. New Trailers and Tippers

Vans, Trailers and Rigid Bodies

Unit sales of trailers, vans and rigid bodies in FY11 fell by 29% compared with FY10 as a result of a low order bank at the start of the financial year and the continuation of a low order intake rate for a large part of the year.

Whilst order intake for the first half of FY11 was down 32% on the pcp, order intake improved substantially during 2H11. Order intake for 2H11 was 10% higher than 2H10 and was up 45% on 1H11. As a result, we commence FY12 with a strong order bank.

The trailer and van markets continue to be highly competitive, with surplus capacity in the market resulting in tight margins. Whilst the trailer market was flat in the first half of the financial year, we have seen an improvement in the rate of order intake in the second half of the year.



Van sales and orders have also been boosted by an improvement in underlying demand in the second half of the financial year. This, combined with significant orders secured late in the financial year from larger operators, has boosted year end order banks and we are also experiencing a strong start to FY12.

During the year we announced our latest innovation - the all new Freighter AutoHold. This is a patent protected design that utilises automated load restraint curtains. We are excited by the strong interest shown in this product since its launch at the Brisbane Truck & Trailer Show in May 2011. The ability to operate a curtain-sided trailer without gates, buckles or straps has generated high levels of interest and we expect this to further strengthen our market share.

Tippers

Unit sales of tippers in FY11 fell by 24% compared with FY10. Order intake in FY11 also fell by a similar amount due to the continuation of a depressed construction market which suppressed demand for traditional truck and dog products. The tipper industry also suffered from surplus capacity, ensuring that highly competitive conditions continued throughout FY11. Demand and activity in the agricultural sector started the year slowly but improved late in the first half and continued into the second half of FY11. Order intake for tippers during the second half of FY11 was up 14% on the first half of FY11 and orders in the last quarter of FY11 were up by 38% on the third quarter of FY11.

To combat the slow market, Hamelex White has designed and engineered a number of special truck and dog tipper combinations that meet Performance Based Standards (PBS). This initiative, which allows significantly greater payloads to be carried, has been successful in lifting enquiry rates and sales in truck and dog combinations.

Increased soil moisture and improved growing conditions point to a record harvest and it is anticipated that this will boost demand for tippers.

Due to the strong outlook for the mining sector, the allocation of resources to this area and the development of new mining-related tipper designs, we expect growth to be achieved in FY12.

RESOURCES SECTOR OFFERS SIGNIFICANT OPPORTUNITIES

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) has recently stated that a “strong increase in demand in China and developing economies will continue to drive growth in energy and minerals commodities markets over the medium term.” Australian energy and mineral export earnings are forecast to grow in value from \$186 billion in FY11 to \$219 billion in FY16 and supply capacity is projected to increase.*

MaxiTRANS is not new to the resources sector, having commenced supplying specialised tippers over five years ago and is rapidly expanding its efforts to take advantage of the substantial opportunities available.

With 12 professional engineers and draftsmen working on tipper design and others in manufacturing, the Company has the necessary capability to produce products tailor made for this growth area. Our Lusty EMS tipper manufacturing facility in Brisbane is ideally positioned to serve the Queensland, Northern Territory and New South Wales sectors, while the Ballarat factory services the southern states and Western Australia.

While the requirements of this market sector are a natural fit for MaxiTRANS’ manufacturing capabilities, the Company also benefits from its Colrain parts operation supplying components such as suspensions, lights, wheels and tyres to a number of specialist trailer manufacturers servicing this sector.



In a multi million dollar contract, MaxiTRANS will soon deliver a number of C-Triple side tipper sets to a leading resources sector transport operator. To be used carting coal, the C-Triple units will have a combined payload of 180 tonnes each (60 tonnes per trailer) and will be delivered in the second quarter of FY12. They are being manufactured at MaxiTRANS’ Lusty EMS facility and will run on non-public roads. By comparison, a typical semi-tipper on a public road has a payload of approximately 25 tonnes, depending on specification.



* Source: ABARES Australian Commodities, vol 18, no 1, March quarter 2011



CHAIRMAN'S & MANAGING DIRECTOR'S REVIEW (CONT)

New Zealand

The New Zealand trailing equipment market grew by 60% in FY11.

As a result of the finalisation and implementation of new road transport mass and dimension law changes, pent up demand was released and operators have started to take advantage of the changes to maximise their efficiency and financial returns. Order intake in New Zealand has increased by 246% over the prior year and a significant order bank is in place for the start of FY12.

The new expanded manufacturing, sales and service facility currently under construction is on track to be completed during the second quarter of FY12. This will increase manufacturing capacity and improve operational efficiency as well as enabling the business to expand and diversify its product range.

With a strong order bank, improved market conditions and a new manufacturing facility coming on stream, we believe that the New Zealand operation will deliver a strong contribution in FY12.

2. Parts & Service

Our parts and service business includes the sale of parts by Colrain and other companies throughout the Group, as well as repair and service activities and the sale of composite panel in Australia and China (through MTC).

Revenue from the parts and service businesses increased by 27% and contribution to group profit before tax grew a pleasing 52% in FY11.

The Colrain parts business achieved another record profit contribution in FY11. Profit contribution before tax was up 112% on FY10 and further growth is expected in FY12. Major sales growth has occurred in expanded product ranges including tyres, wheels, lights and signage. Sales of existing product ranges such as suspensions have increased moderately.

Colrain is well positioned to benefit from an improvement in the OE trailer market. The introduction of new products in FY12 and further organic growth in its wholesale and retail branches is expected to add to sales and profitability in FY12.

The addition of 100% of MTC's net profit for the six month period from 1 January 2011 has also contributed to the uplift in parts revenue and earnings in FY11.

3. Joint Ventures

Our Queensland dealer, Freighter Maxi-CUBE Queensland (FMQ), in which the Company has a 36.67% shareholding, achieved a respectable result for the year considering the slow trailer market and disruption caused by the major floods during the year.

Despite the flood damage caused to the FMQ facility in Rocklea, normal operations were restored within a very short time frame and the financial impact on the business was contained due to the outstanding efforts of staff and management.



The new Freighter AutoHold has semi-automated curtains that provide load restraint without the use of curtain buckles and straps.

OUTLOOK

We are pleased to be starting FY12 with a stronger order bank and with improved momentum in order enquiry. As a result, we expect performance in the first half of FY12 to benefit from increased production and sales volumes, improved efficiencies and a lower manufacturing cost base.

The sustainability of current order intake rates across all brands will ultimately depend on the performance of the Australian economy which, at this point, continues to show signs of weakness and uncertainty.

However, we expect that demand for our tippers will continue to be driven by a strong agricultural sector and that our Colrain parts business will extend its solid growth as a result of the anticipated introduction of new and expanded product ranges. New Zealand will also benefit from an expanded product range and larger facilities in a trailer market which is continuing to grow. As a result of recent tightening of monetary policy by the Chinese Government we expect to see a softening of orders in MTC's Chinese market.

We are also excited by the opportunities which exist in the mining and resources sector and plan to accelerate our efforts in this area during the year.

Finally, subject to the outcome of continuing efforts in the pursuit of strategic investment opportunities, the Board will monitor the need to modify current capital management policies to optimise shareholder returns.

Ian Davis
Chairman

Michael Brockhoff
Managing Director

BOARD OF DIRECTORS



Directors' from left to right.

Ian Davis – Chairman & Non-Executive Director

Michael Brockhoff – Managing Director

James Curtis – Deputy Chairman & Non-Executive Director

Geoffrey Lord – Non-Executive Director

Robert Wylie – Non-Executive Director

OFFICES & OFFICERS

Company Secretary

Mr. M. Mattia

Registered Office

346 Boundary Road
Derrimut, Victoria 3030

Principal Place of Business

346 Boundary Road
Derrimut, Victoria 3030

Contact numbers

Phone: +61 3 8368 1100
Fax: +61 3 8368 1178

Share Registry

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

Solicitors

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

Auditor

KPMG
147 Collins Street
Melbourne, Victoria 3000

Bankers

Australia and New Zealand
Banking Group Limited

Commonwealth Bank of Australia

Stock Exchange

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

Other Information

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