

# REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2011

Your directors submit their report together with the consolidated financial report of MaxiTRANS Industries Limited ("the Company") and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates for the year ended 30 June 2011 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:

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

## Principal Activities

The principal activities of the Group during the year consisted of the design, manufacture, sale, service and repair of transport equipment and related components and spare parts.

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

## Dividends

Dividends paid or declared for payment are as follows:

### Ordinary shares

A fully franked dividend of 1.0 cents per share was paid on 15 October 2010 totalling \$1,828,667.

A fully franked dividend of 1.5 cents per share has been proposed by the directors after reporting date for payment on 21 October 2011. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent financial reports.

## State of Affairs

There were no significant changes in the state of affairs of the Group which occurred during the financial year.

## Review of Operations

The accompanying Chairman's and Managing Director's Review includes a review of operations of the Group for the year ended 30 June 2011. 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

Subsequent to the end of the financial year, the Company entered an agreement to sell 20% of the shares in Yangzhou Maxi-CUBE Tong Composites Co Ltd (MTC) to management personnel of that company. The agreement is effective from 1 July 2011 and will result in 20% of future profits of MTC being attributable to non-controlling interests.

## Environmental Regulation

The Group's environmental obligations are regulated under Local, State and Federal Law. All environmental performance obligations are internally monitored and subjected to regular government agency audit and site inspections. The Group has a policy of complying with its environmental performance obligations. No breach of any environmental regulation or law has been notified to the Group during or since the year ended 30 June 2011.

MaxiTRANS is closely monitoring the development of the likely regulatory framework surrounding carbon emissions. At this stage, it is too early to quantify the impacts and opportunities arising from such regulation.

## Future Developments

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

Further information as to the likely developments in the operations of the Group and the expected results of these operations in subsequent financial years has not been included in this report because, the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

## Information of Directors

<b>Ian R. Davis</b>	Chairman, Independent Non-Executive, Age 66
Qualifications & Experience:	Law degree with honours from University of Melbourne.  Appointed Chairman 1994.  Senior partner and previously National Chairman of international law firm, Minter Ellison, Mr. Davis has extensive experience in the corporate and commercial area of law in which he practices. Currently he is Chairman of Produce and Grocery Industry Code Administration Committee and Non-Executive Director of Redflex Holdings Ltd since October 2009. He was formerly Non-Executive Chairman of Recovcorp Pty Ltd from April 2007 to May 2010 and UCMS Group Pty 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:	1,202,193 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
<b>James R. Curtis</b>	Deputy Chairman, Non-Executive, Age 76
Qualifications & Experience:	Appointed Deputy Chairman in 1994.  Mr. Curtis was one of the founders of the Group in 1972. He has over 50 years experience in the transport equipment industry and is a pioneer of fibreglass road transport equipment in Australia.
Special Responsibilities:	Member of Corporate Governance Committee, Audit & Risk Management Committee, Remuneration Committee and Nomination Committee.
Interest in Shares:	24,175,030 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
<b>Michael A. Brockhoff</b>	Managing Director, Executive, Age 58
Qualifications & Experience:	Appointed Managing Director in June 2000.  Thirty-three years experience in the road transport industry.
Special Responsibilities:	Member of Remuneration Committee and Nomination Committee.
Interest in Shares:	2,871,500 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

# REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2011

## **Geoffrey F. Lord**

Independent Non-Executive Director, Age 66

### 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). Deputy Chairman of Institute of Drug Technology Limited since October 1998. Director of the following companies: Terrain Capital Ltd since May 2002 and Northern Energy Corporation since December 2007. Formerly Chairman of Melbourne Victory Limited from November 2004 to March 2011. Formerly a Director of 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.

### Options over Ordinary Shares:

Refer note 22(c) to the Financial Statements.

## **Robert H. Wylie**

Independent Non-Executive Director, Age 61

### Qualifications & Experience:

Fellow of the Institute of Chartered Accountants in Australia, a member of the Institute of Chartered Accountants of Scotland and a Fellow of the Australian Institute of Company Directors. Appointed Director in September 2008.

Mr. Wylie has wide ranging experience in professional service in a variety of management roles with Deloitte. Most recently he held senior positions with Deloitte Touche USA LLP. Prior to this, he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as National Chairman. Mr. Wylie also served on the Global Board of Directors and the Governance Committee of Deloitte Touche Tohmatsu and the Global Board of Directors of Deloitte Consulting. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia. Director of the following companies: Elders Limited since November 2009 and Centro Properties Limited and CPT Manager Limited since October 2008.

### Special Responsibilities:

Chairman of Audit & Risk Management Committee. Member of Corporate Governance Committee and Nomination Committee.

### Interest in Shares:

21,364 ordinary shares beneficially held.

### Options over Ordinary Shares:

Nil

## Company Secretaries

### **Mr. Marcello Mattia**

B. Bus. (Acc)  
FCA, Australian Institute of Company Directors, Appointed to the position of Company Secretary in 2008.

### **Mr. Aaron Harvey**

B. Commerce  
CA, Appointed to the position of Assistant Company Secretary in 2010.

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

	Directors' Meetings		Audit & Risk Management Committee		Remuneration Committee		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	14	4	3	2	2	1	1
James Curtis	14	12	4	3	2	2	1	1
Michael Brockhoff	14	14	–	–	2	2	–	–
Geoffrey Lord	14	12	4	4	2	2	1	1
Robert Wylie	14	14	4	4	–	–	1	1

## Remuneration Report

Information contained in the Remuneration Report is audited.

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

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

- The capability and experience of the directors and senior executives;
- The directors' and senior executives' ability to control the relevant segment/s' performance;
- The Group's performance including the Group's earnings per share; and
- The amount of incentives within each director's and senior executive's remuneration.

At the commencement of the 2011 financial year the Directors reviewed the structure and composition of the Company's remuneration for executive directors and senior

executives with the assistance of external consultants and advisors as well as a review of best practices adopted by other ASX companies of a similar size to MaxiTRANS.

The Directors have been very focussed on ensuring that MaxiTRANS provides a remuneration structure which genuinely attracts, motivates and retains executive talent and aligns the interests of management and shareholders.

The following is a summary of the key elements adopted by the Directors in relation to the ongoing structure of remuneration for executive directors and senior management:

- the structure of executive director and senior management remuneration will continue to include a mix of fixed and performance-linked components;
- over a 3 year period commencing in the 2011 financial year, the mix of total remuneration between fixed and performance-linked components will move from a historical average of 80% fixed and 20% performance-linked, to an average of 60% fixed and 40% performance-linked;
- the performance-linked component of total remuneration will continue to comprise a Short Term Incentive ('STI') scheme and a Long Term Incentive ('LTI') scheme; and
- over a 3 year period commencing in the 2011 financial year, the mix of performance-linked remuneration (as a percentage of total remuneration) between STI and LTI components will move from the current average of 14% STI and 6% LTI, to an average of 15% STI and 25% LTI;

# REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2011

The Directors are of the view that the revised remuneration structure will further enhance alignment between the Group and shareholders.

Each of the components of total remuneration for executive directors and senior management are described in more detail below.

## Fixed remuneration

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

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

## Performance-linked remuneration

Performance linked remuneration includes both STI's and LTI's and is designed to reward executive directors and senior executives for meeting or exceeding specified objectives. The STI includes an "at risk" incentive provided in the form of cash.

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

## STI

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

The financial performance objective is "net profit before tax" compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance, customer satisfaction and staff development.

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

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

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

## LTI

The LTI scheme available to executive directors and to senior management is based on the annual grant of a specified number of Performance Rights which can be converted by executive directors and senior management into a specified number of ordinary shares in the Company.

Performance Rights will vest and will be able to be exercised upon the achievement of specified long term performance targets in a period not less than three years after the date upon which the Performance Rights are granted to executive directors and senior management provided they remain in the employ of the Group throughout that period.

The Board has set a long term incentive target for management to achieve an average 2% per annum increase in the Company's Return on Invested Capital (ROIC) during the period 1 July 2010 to 30 June 2013. Based on the Company's ROIC of 5.4% at 30 June 2010, this represents an increase of 111% over the 3 year period.

The minimum percentage of the LTI target that must be achieved over the 3 year period before any of the Performance Rights vest is 70% (ie: an average 1.4% per annum increase in the Company's ROIC), at which point 50% of the Performance Rights will vest. For each additional percentage point of the target that is achieved the percentage of Performance Rights that vest increases on a sliding scale. 100% of the Performance Rights will vest where the target is fully achieved or exceeded.

## Other benefits

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

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

#### Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the indices highlighted in the table below. Net profit before tax is considered as one of the financial performance targets in setting the STI.

#### Service agreements

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

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

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

Mr Michael Alan Brockhoff, Managing Director, has a contract of employment with the Company dated 3 May 2000. The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and Managing Director will early in each financial year, consult and agree objectives for achievement during that year. The service contract can be terminated either by the Company or Mr Brockhoff providing six months notice. The Company may make a payment in lieu of notice of six months, equal to base salary, motor vehicle allowance and superannuation. This payment represented market practice at the time the terms were agreed. The Managing Director has no entitlement to a termination payment in the event of removal for misconduct or breach of any material terms of his contract of employment.

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

#### Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 1998 AGM, is not to exceed \$400,000 per annum and directors' fees are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Directors' base fees 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 LTI. Directors' fees cover all main board activities and membership of all committees. Non-executive directors are not entitled to any retirement benefits.

### Consolidated Results and Shareholder Returns

	2011	2010	2009	2008	2007
Net profit/(loss) attributable to equity holders of the parent	\$4,171,000	\$5,766,000	\$(1,894,000)	\$16,101,000	\$8,018,000
Basic EPS	2.27¢	3.17¢	(1.09)¢	9.38¢	4.67¢
Dividends declared	\$2,759,901	\$3,642,694	\$1,717,422	\$9,445,818	\$6,869,686
Dividends declared per share	1.50¢	2.00¢	1.00¢	5.50¢	4.00¢
Share price	23.0¢	26.0¢	22.0¢	59.0¢	63.0¢

# REPORT OF THE DIRECTORS (cont)

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## Directors' and executive officers' remuneration

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

	Year	Primary			Post	Equity	Other	Total	Proportion of remuneration performance related %	Value of PR's as proportion of remuneration %
		Salary & fees \$	Bonus (i) \$	Non-cash benefits \$	Super \$	PR's (ii) \$	\$			
<b>DIRECTORS</b>										
<b>Non-executive</b>										
<b>Mr I Davis</b>	<b>2011</b>	<b>115,000</b>	-	-	<b>10,350</b>	-	-	<b>125,350</b>	-	-
Chairman	2010	113,083	-	-	10,178	-	-	123,261	-	-
<b>Mr J Curtis</b>	<b>2011</b>	<b>64,000</b>	-	-	-	-	<b>32,000</b>	<b>96,000</b>	-	-
	2010	62,933	-	-	18,264	-	8,400	89,597	-	-
<b>Mr G Lord</b>	<b>2011</b>	<b>64,000</b>	-	-	<b>5,760</b>	-	-	<b>69,760</b>	-	-
	2010	62,933	-	-	5,664	-	-	68,597	-	-
<b>Mr R Wylie</b>	<b>2011</b>	<b>48,000</b>	-	-	<b>21,760</b>	-	-	<b>69,760</b>	-	-
	2010	62,933	-	-	5,664	-	-	68,597	-	-
<b>Executive</b>										
<b>Mr M Brockhoff</b>	<b>2011</b>	<b>503,358</b>	-	<b>3,963</b>	<b>48,901</b>	<b>16,893</b>	<b>40,000</b>	<b>613,115</b>	-	<b>2.7%</b>
Managing Director	2010	467,083	-	5,412	76,062	-	40,000	588,557	-	-
<b>EXECUTIVES</b>										
<b>The Company (iii)</b>										
<b>Mr M Mattia</b>	<b>2011</b>	<b>270,119</b>	-	<b>25,603</b>	<b>24,311</b>	<b>7,259</b>	<b>741</b>	<b>328,033</b>	<b>2.2%</b>	<b>2.2%</b>
Chief Financial Officer and Company Secretary	2010	241,250	-	25,883	26,537	-	879	294,549	-	-
<b>Mr G Walker (iv)</b>	<b>2011</b>	<b>237,966</b>	-	-	<b>21,809</b>	<b>6,554</b>	<b>20,062</b>	<b>286,391</b>	<b>2.3%</b>	<b>2.3%</b>
General Manager - Manufacturing	2010	234,511	-	-	38,934	-	25,047	298,492	-	-

FOR THE YEAR ENDED 30 JUNE 2011

Year	Primary			Post	Equity	Other	Total	Proportion of remuneration performance related %	Value of PR's as proportion of remuneration %	
	Salary & fees \$	Bonus (i) \$	Non-cash benefits \$	Super \$	PR's (ii) \$	\$				
<b>Consolidated</b>										
<b>Mr A Wibberley</b>	<b>2011</b>	<b>200,000</b>	<b>45,550</b>	<b>24,587</b>	<b>20,750</b>	<b>4,785</b>	<b>-</b>	<b>295,672</b>	<b>17.0%</b>	<b>1.6%</b>
General Manager	2010	185,533	36,800	24,031	20,010	-	-	266,374	13.8%	-
Lusty EMS Pty Ltd										
<b>Mr J Rush (iv)</b>	<b>2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General Manager	2010	164,580	-	24,750	13,947	-	-	203,277	-	-
- Hamelex White, MaxiTRANS Australia Pty Ltd										
<b>Mr C. Wallace (v)</b>	<b>2011</b>	<b>145,000</b>	<b>13,762</b>	<b>22,630</b>	<b>14,289</b>	<b>2,427</b>	<b>-</b>	<b>198,108</b>	<b>8.2%</b>	<b>1.2%</b>
General Manager	2010	126,800	-	16,800	11,412	-	-	155,012	-	-
- Hamelex White, MaxiTRANS Australia Pty Ltd										
<b>Mr N Zantuck</b>	<b>2011</b>	<b>160,000</b>	<b>-</b>	<b>-</b>	<b>16,470</b>	<b>4,079</b>	<b>23,000</b>	<b>203,549</b>	<b>2.0%</b>	<b>2.0%</b>
General Manager	2010	147,550	-	-	15,304	-	22,500	185,354	-	-
- Vic Branch, MaxiTRANS Australia Pty Ltd										
<b>Mr P Loimaranta</b>	<b>2011</b>	<b>180,000</b>	<b>38,991</b>	<b>22,629</b>	<b>19,709</b>	<b>4,311</b>	<b>-</b>	<b>265,640</b>	<b>16.3%</b>	<b>1.6%</b>
General Manager	2010	154,600	-	22,629	13,914	-	-	191,143	-	-
- Colrain Pty Ltd										

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

- (i) STI entitlement varies from 13% to 18% of total remuneration for each of the individuals listed above. The short-term cash incentives disclosed above are for performance for the 30 June 2010 and 2009 financial years respectively using the criteria set out in the Remuneration Report. The amounts were determined after performance reviews were completed and approved by the Remuneration Committee during each subsequent financial year. The total STI entitlements which vested during the year were, Mr A Wibberley (100%), Mr C Wallace (100%) and Mr P Loimaranta (100%). The balance of STI entitlements was forfeited.
- (ii) The fair value of performance rights (PR's) is calculated at the date of grant using the Monte Carlo simulation model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value recognised in this reporting period. In valuing the PR's, market conditions have been taken into account. No PR's vested during the reporting period. Further details in respect of PR's are contained on the following page of the Remuneration Report.
- (iii) There are no other executives employed by the Company.
- (iv) Mr G Walker resigned effective 4 March 2011. Mr J Rush resigned effective 15 April 2010.
- (v) Mr C Wallace was appointed General Manager Hamelex White in July 2010, previously National Sales & Marketing Manager, Hamelex White.

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## Analysis of share-based payments granted as remuneration

Details of the vesting profile of the PR's granted as remuneration to each of the Company directors and the named Company or Group executives during the reporting period are detailed below.

	PR's granted (no.)	Grant date	Fair value at grant date (\$)	Vesting date	Expiry date	Vested during FY2011 (%)	Forfeited during FY2011 (%)
<b>Directors</b>							
Mr M Brockhoff	495,838	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	-
<b>Company executives</b>							
Mr. M Mattia	213,067	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	-
Mr. G Walker	192,386	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	100%
<b>Consolidated entity executives</b>							
Mr A Wibberley	140,447	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	-
Mr C Wallace	71,232	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	-
Mr N Zantuck	119,716	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	-
Mr P Loimaranta	126,522	30 Sept. 2010	0.2453	30 Sept. 2013	30 Sept. 2017	-	-

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

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

## Unissued Shares Under Rights

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

## Audit and Risk Management Committee

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

## Indemnity

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

- (i) Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- (ii) Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

The Group has entered into a contract of insurance in relation to the indemnity of the Group's directors and officers for a premium of \$38,408. 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 or Group as part of their remuneration during or since the end of the financial year.

## Shares Issued on the Exercise of Options

No options were exercised during the financial year.

Further details on the Group's Performance Rights Plan are detailed in Note 21 to the consolidated financial statements and in the Remuneration Report.

## Non-Audit Services

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

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

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

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included in, and forms part of this Report of the Directors.

# REPORT OF THE DIRECTORS (cont)

FOR THE YEAR ENDED 30 JUNE 2011

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	
	2011	2010
	\$	\$
<b>Remuneration of Auditor</b>		
Remuneration of the auditor of the Group for:		
<b>KPMG Australia:</b>		
– auditing or reviewing the financial statements	199,950	193,500
– other services (taxation & advisory)	105,303	153,647
	<b>305,253</b>	<b>347,147</b>
<b>Overseas KPMG Firms:</b>		
– auditing or reviewing financial statements	12,978	12,800
– other services (taxation, advisory & due diligence)	47,692	11,604

## 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 19th day of August 2011

**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 2011 there have been:

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



KPMG  
Melbourne  
19 August 2011



Adrian V King  
Partner