ASX ANNOUNCEMENT

The directors of MaxiTRANS Industries Limited ('MXI'), Australia's largest supplier of road transport trailing equipment and solutions, advise that while the Company achieved record sales for the fourth consecutive year, earnings were lower than the prior corresponding period ('pcp') due to the under-performance of Colrain and Hamelex White throughout the year, and subdued demand in certain segments.

This contrasts with the period of growth seen over the past four years that has matched predictions for the industry, that road freight activity would continue to expand at a rate of more than 3% per annum until the year 2020.

These recent subdued market conditions, which have impacted on the road transport manufacturing sector nationally, can be attributed to external and unforeseen factors that included the sudden escalation of fuel prices, the impact of severe drought conditions and cyclone Larry.

Key Point Summary

- Sales increased 10% to a record $245 million
- Net profit after tax attributable to members of $9,099,000
- Dividends amounting to 4.25 cents per share for the year, a 6.25% increase on pcp
- While we expect the trailer and van segments to remain subdued throughout 2007 we expect this to be more than offset by improved earnings from Colrain, Hamelex White and Lusty EMS.

AIFRS

This is the Company's first full year announcement reported in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

The pre-tax and post-tax profit results of the prior reporting period, that were prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP), have been recalculated in accordance with AIFRS.

The principal differences between AIFRS results and the prior corresponding period AGAAP results are the recognition of an expense for the deemed value for options provided to executives of the group and the treatment of goodwill, which is no longer amortized.

Accordingly, pre-tax profit for the pcp has been restated from $14,036,000 as reported last year, to $15,107,000 in this report and net profit after tax attributable to members for the pcp has been restated from $10,429,000 as reported last year, to $11,291,000 in this report.

Financial Performance

It is pleasing to note that, despite the significant operational under-performance of several business units, sales revenue of the group increased by 10% to a record $245 million.

Pre-tax profit, after excluding the deemed expense of executive options ($477,000) and non recurring significant items ($2,273,000), was $14,522,000, - a 12% decrease on the restated pre-tax profit for the prior year. The pre-tax profit for the prior year, after excluding the deemed expense of executive options ($159,000) and non-recurring significant items ($1,200,000) and removing goodwill expense previously included ($1,071,000), was $16,466,000.

Post-tax profit attributable to members, after excluding the after-tax effect of the deemed expense of executive options ($477,000) and non recurring significant items ($1,591,000), was $11,381,000 - a 7% decrease on the prior corresponding period post-tax profit attributable to members. The post-tax profit for the prior year, after excluding the after tax effect of the deemed expense of executive options ($159,000) and non-recurring significant items ($840,000) and removing goodwill expense previously included ($1,071,000), was $12,290,000.

Vans and Trailers

Despite the slowdown in order intake, our Ballarat manufacturing facility operated at high efficiency levels throughout the year and achieved record earnings. This outcome reflected improved operational controls and capital investment to lift manufacturing efficiency and output.

Colrain

Colrain provided a negative contribution due to a combination of one-off significant items of expense, the adverse impact of a poorly managed integration of the wholesale warehousing function, and an unacceptable IT platform, all of which adversely impacted on operational performance and sales.

A significant number of management and organizational changes have taken place over the last year, including the appointment of a new general manager, migration to an industry standard, parts specific, IT platform and closure of the manufacturing operation, which had been unprofitable since acquisition.

The 30% minority interest in Colrain was acquired in February 2006 and Colrain is now a wholly owned subsidiary.

While the performance for FY2006 is extremely disappointing we remain comfortable with, and committed to, the parts strategy, and believe we now have the people and systems in place to deliver the results anticipated.

Hamelex White

The operational performance of Hamelex White was below expectations for FY 2006.

Recent senior management appointments and investment in improved operational performance will facilitate significant reduction in product build time, improved quality, which will considerably increase Hamelex White's manufacturing capacity and earnings.

Peki

The Peki van and rigid body manufacturing business was acquired in September 2005. Despite the business being adversely impacted during the period up to the Receivership and consequently incurring losses in the period to December 2005, Peki provided a solid contribution to group earnings for FY 2006.

The Peki business has been restructured, group purchasing synergies have been leveraged, and Peki now has a clear focus on process improvement, increased output and delivering to customer expectations.

The directors have declared a final fully franked dividend of 2 cents per ordinary share, which will be paid on 18 October 2006. This represents a 6.25% increase on the dividends paid for the pcp. The final dividend is payable to holders of ordinary shares as at the record date, 29 September 2006.

Outlook

- Following the completion of the necessary restructuring and resolution of several major operational issues, we expect Colrain will make a positive contribution to group earnings in FY 2007 through increased sales, improved margins and operational efficiency.

- While we expect the trailer and van segments to remain subdued throughout 2007 we expect this to be more than offset by improved earnings from Colrain, Hamelex White and Lusty EMS.

- While FY 2007 will be a year of consolidation, MaxiTRANS will continue to pursue acquisitions that are complementary to its strategy of providing its customers with a competitive advantage through the provision of high quality, innovative transport equipment, parts, services and solutions.

- The Company is continuing to explore JV opportunities in the trailer equipment manufacturing market in China.

For more information please contact the Managing Director, Mr Michael Brockhoff, on 03 8368 1100. Alternately you may wish to visit our website at www.maxitrans.com.au

Ian Davis Chairman	Michael Brockhoff Managing Director

21 August 2006

Appendix 4E

Preliminary final report

Introduced 1/1/2003

Name of entity

MAXITRANS INDUSTRIES LIMITED

ABN 58 006 797 173	**Year Ended 30 June 2006**

Results for announcement to the market

				$A'000
Revenues from ordinary activities	up	9.72%	to	245,112
Pre-tax profit (after excluding non-recurring significant items and deemed expense of options)	down	11.8%	to	14,522
Net profit after tax (after excluding non- recurring significant items, deemed expense of options and minority interests)	down	7.3%	to	11,381
Profit (loss) from ordinary activities after tax attributable to members	down	17.5%	to	9,313
Net profit (loss) for the period attributable to members	down	17.5%	to	9,313

	2006	2005
Basic earnings per share (cents per share)	5.42¢	6.59¢
Diluted earnings per share (cents per share)	5.41¢	6.58¢
Basic earnings per share excluding share options expense (cents per share)	5.70¢	6.68¢

Dividends (distributions) - Note 7	Amount per security	Franked amount per security
Final dividend – Ordinary shares	2.00 ¢	2.00¢
Interim dividend – Ordinary shares	2.25 ¢	2.25 ¢
Previous corresponding period		
Final dividend – Ordinary shares	2.00 ¢	2.00 ¢
Interim dividend – Ordinary shares	2.00 ¢	2.00 ¢

Record date for determining entitlements to the dividend.	Ordinary shares - 29 September 2006

Refer attached ASX announcement regarding commentary on revenue, earnings and business outlook.

Consolidated Income Statements

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 $'000	2005 $'000
Total revenue	3	245,112	223,381
Changes in inventories of finished goods and work in progress		804	10,913
Raw materials and consumables used		(148,932)	(148,201)
Employee expenses		(60,448)	(52,363)
Depreciation and amortisation expenses	4	(5,391)	(4,527)
Finance costs	4	(2,925)	(2,307)
Other expenses from ordinary activities		(17,988)	(12,905)
Share of net profits of associates and joint ventures accounted for using the equity method		1,540	1,116
Profit before income tax		11,772	15,107
Income tax (expense)/benefit		(2,673)	(3,506)
Profit for the year		9,099	11,601
Attributable to:			
Equity holders of the parent		9,313	11,291
Minority interests		(214)	310
		9,099	11,601
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	8	5.42¢	6.59¢
Diluted earnings per share (cents per share)	8	5.41¢	6.58¢

Consolidated Statements of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
Net exchange difference on translation of financial statements of foreign operations	12	127	(184)
Revaluation of land and buildings	12	5,535	-
Net income recognised directly in equity		5,662	(184)
Profit for the period		9,099	11,601
Total recognised income and expense for the period		14,761	11,417
Attributable to:			
Equity holders of the parent		14,975	11,107
Minority interests		(214)	310
		14,761	11,417
Effects of change in accounting policy – Measurement of land and buildings at fair value			
Attributable to:			
Equity holders of the parent		5,535	-
Minority interests		-	-
		5,535	-

Consolidated Balance Sheets

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 $'000	2005 $'000
Current Assets			
Cash and cash equivalents		587	390
Trade and other receivables		22,276	31,579
Inventories		35,310	35,418
Other		427	296
Total Current Assets		58,600	67,683
Non-Current Assets			
Investments accounted for using the equity method	10	3,143	2,933
Property plant & equipment		51,108	43,957
Intangible assets		34,271	36,875
Deferred tax assets		23	2,547
Other		644	800
Total Non-Current Assets		89,189	87,112
Total Assets		147,789	154,795
Current Liabilities			
Trade and other payables		24,033	27,072
Interest bearing loans and borrowings		1,312	1,533
Income tax payable		525	1,159
Provisions		6,331	5,693
Total Current Liabilities		32,201	35,457
Non-Current Liabilities			
Interest bearing loans and borrowings		35,783	42,101
Deferred tax liabilities		3,462	4,345
Provisions		307	267
Total Non-Current Liabilities		39,552	46,713
Total Liabilities		71,753	82,170
Net Assets		76,036	72,625
Equity			
Issued capital	11	53,406	53,406
Reserves	12	5,526	(136)
Retained profits	6	17,104	14,613
Total Equity Attributable to Equity Holders of the Parent		76,036	67,883
Minority interests		-	4,742
Total equity		76,036	72,625

Consolidated Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2006

	2006 $'000	2005 $'000
Cash Flows from Operating Activities		
Receipts from customers	277,163	234,501
Payments to suppliers & employees	(251,724)	(221,210)
Interest received	152	109
Interest & other costs of finance paid	(2,925)	(2,307)
Income tax paid	(3,358)	(3,953)
Net Cash Provided by (Used in) Operating Activities	19,308	7,140
Cash Flows from Investing Activities		
Payments for property, plant & equipment	(2,593)	(17,174)
Payments for business acquired	(1,493)	-
Loans (to) repaid by other entities	156	-
Payments for controlled entities	(2,777)	(14,094)
Dividends received	1,457	1,164
Proceeds from sale of property, plant & equipment	308	2,019
Net Cash Provided by (Used in) Investing Activities	(4,943)	(28,085)
Cash Flows from Financing Activities		
Proceeds from share issues	-	4,305
Proceeds from borrowings	-	24,285
Repayment of borrowings	(5,405)	-
Payment of finance lease liabilities	(1,464)	(1,154)
Dividends paid	(7,299)	(6,111)
Net Cash Provided by (Used in) Financing Activities	(14,168)	21,325
Net increase (decrease) in cash	197	380
Cash and cash equivalents at beginning of year	390	10
Cash and cash equivalents at end of year	587	390
Non-cash financing and investing activities		
Acquisition of plant & equipment by means of finance leases	709	336

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

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, Urgent Issues Group Consensus Views, other authorative pronouncements of the Australian Accounting Standards Board.

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS"), to distinguish from previous Australian GAAP.

An explanation of how the transition to AIFRS has effected the consolidated entity's financial performance and position is set out in note 14.

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 and in preparing an opening AIFRS balance sheet, by each entity in the consolidated entity and, except where there is a change in accounting policy resulting from the adoption of AIFRS as separately disclosed, are consistent with those of the previous year.

The financial report is presented in Australian dollars. The entity has elected to early adopt the accounting standard AASB 119 *Employee Benefits* (December 2004).

Issued standards not early adopted

The following standards and amendments were available for early adoption but have not been adopted by the consolidated entity in these financial statements:

- AASB 2004-3 Amendments to Australian Accounting Standards (December 2004) amending AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 101 Presentation of Financial Statements and AASB 124 Related Party Disclosures
- AASB 2005-1 Amendments to Australian Accounting Standards (May 2005) amending AASB 139 Financial Instruments: Recognition and Measurement
- AASB 2005-3 Amendments to Australian Accounting Standards (June 2005) amending AASB 119 Employee Benefits (either July or December 2004)
- AASB 2005-4 Amendments to Australian Accounting Standards (June 2005) amending AASB 139 Financial Instruments: Recognition and Measurement, AASB 132 Financial Instruments: Disclosure and Presentation, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004)
- AASB 2005-5 Amendments to Australian Accounting Standards (June 2005) amending AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), and AASB 139 Financial Instruments: Recognition and Measurement
- AASB 2005-6 Amendments to Australian Accounting Standards (June 2005) amending AASB 3 Business Combinations
- AASB 2006-1 Amendments to Australian Accounting Standards (January 2006) amending AASB 121 The Effects of Changes in Foreign Exchange Rates (July 2004)
- AASB 7 Financial instruments: Disclosure (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007
- AASB 2005-9 Amendments to Australian Accounting Standards (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosures and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.

1. Statement of Significant Accounting Policies (continued)

The consolidated entity plans to adopt AASB 7, AASB 2005-9 and AASB 2005-10 in the 2007 financial year.

The initial application of AASB 7 and AASB 2005-10 is not expected to have an impact on the financial results of the Company and the consolidated entity as the standard and the amendment are concerned only with disclosures. The other standards referred to above are also not expected to have a material impact on the results of the company and the consolidated entity.

The initial application of AASB 2005-9 could have an impact on the financial results of the Company and the consolidated entity as the amendment could result in liabilities being recognised for financial guarantee contracts that have been provided by the Company and the consolidated entity. However, the quantification of the impact is not known or reasonably estimable in the current financial year as an exercise to quantify the financial impact has not been undertaken by the Company and the consolidated entity to date.

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

(a) Principles of consolidation

The consolidated financial report comprises the financial statements of MaxiTRANS Industries Limited and all of its subsidiaries. A subsidiary is any entity controlled by MaxiTRANS Industries Limited or any of its subsidiaries. Control exists where MaxiTRANS Industries Limited has the power directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

(ii) Financial statements of foreign operations

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

1. Statement of Significant Accounting Policies (continued)

(c) Inventories

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

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

(d) Property, plant and equipment

(i) Owned assets

Land and buildings

Property whose fair value can be measured reliably are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Property was previously measured at deemed historical cost. Refer note 2 (changes in accounting policies). Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Independent valuations were obtained as at 30 June 2006 in relation to all land and buildings. The independent valuations were considered by the directors in establishing revaluation amounts in the current year.

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

Plant and equipment

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

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2004, the date of transition to AIFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation, prior to the change in accounting policy in note 2.

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 in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The owner-occupied property 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 (w).

1. Statement of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

(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 in the current and comparative periods are as follows:

	2006	2005
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

Business combinations prior to 1 July 2004
Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 July 2004 has not been reconsidered in preparing the consolidated entity's opening AIFRS balance sheet at 1 July 2004 (see note 14).

Business combinations since 1 July 2004
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 no longer amortised but is tested annually for impairment (see accounting policy h). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

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

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

(ii) Research and development

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

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

1. Statement of Significant Accounting Policies (continued)

(e) Intangibles (continued)

(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 systematically tested for impairment at each annual balance sheet date. Other intangible assets are amortised from the date that they are available for use. The estimated useful lives in the current and comparative periods are as follows:

	2006	**2005**
Brand names	1.0%	1.0%
Intellectual property	2.0-10.0%	2.0-10.0%
Patents and trademarks	5.0-33.3%	20.0-33.3%

(f) Trade and other receivables

(i) Current accounting policy

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

(ii) Comparative period policy

Trade and other receivables are carried at invoice amounts. The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts. Bad debts are written off as incurred.

(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 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.

1. Statement of Significant Accounting Policies (continued)

(h) Impairment (continued)

Goodwill and indefinite-life intangible assets were tested for impairment at 1 July 2004, the date of transition to AIFRSs.

(i) Calculation of recoverable amount

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

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

(j) Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

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

(k) Interest-bearing borrowings

(i) Current accounting policy

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.

(ii) Comparative period policy

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in Trade and Other Payables.

Debentures, bills of exchange and notes payable are recognised when issued at the net proceeds received, with the premium or discount on issue amortised over the period to maturity. Interest expense is recognised on an effective yield basis.

(l) Employee benefits

(i) Defined contribution superannuation funds

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

(ii) Long-term service benefits

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

1. Statement of Significant Accounting Policies (continued)

(l) Employee benefits (continued)

(iii) Share based payments transactions

MaxiTRANS Industries Limited grants options from time to time to certain employees under the Directors and Employees 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.

(iii) 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 Employee benefits (continued)

amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, superannuation, 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 on the income statement for the periods presented 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 substantively enacted at the balance sheet date.

1. Statement of Significant Accounting Policies (continued)

(o) Income tax (continued)

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 receivable or payable to other entities in the tax consolidated group in conjunction with any tax funding
Tax consolidation (continued) 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) are 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.

1. Statement of Significant Accounting Policies (continued)

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

(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) Interest and dividend revenue

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

(u) Goods and services tax

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

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

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

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(v) Trade and other payables

(i) Current accounting policy

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.

(ii) Comparative period policy

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

(w) 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.

1. Statement of Significant Accounting Policies (continued)

(w) Expenses (continued)

(ii) Finance lease payments

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

(iii) Net financing costs

(a) Current period policy

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

(b) Comparative period policy

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, finance charges in respect of finance leases and foreign exchange differences net of the effect of hedges of borrowing.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs.

Where interest rates are hedged or swapped, the borrowing costs are recognised net of any effect of the hedge or the swap.

Ancillary costs incurred in connection with the arrangement of borrowings are netted against the relevant borrowings and amortised over their life. Borrowing costs are expensed as incurred.

(x) Derivative financial instruments

(i) Current period policy

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.

(ii) Prior period policy

The value of derivative transactions were reflected in the income statement when the underlying payments took place.

1. Statement of Significant Accounting Policies (continued)

(y) Accounting estimates and judgements

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

(i) Impairment of goodwill and intangibles

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

(ii) Warranty provision

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

2. Changes in Accounting Policies

Measurement of property

Items of property had been previously measured on the basis of cost or deemed cost as at 1 July 2004, the date of transition to AIFRS.

As at 30 June 2006 properties have been restated to fair value (refer note 1(d) resulting in an increase in the consolidated carrying value of land and buildings at 30 June 2006 of $7,956,000, giving rise to an asset revaluation reserve, tax effected, of $5,535,000 (Company: $Nil) (refer note 12). There has been no effect on the current period profit.

This change in accounting policy has been undertaken as the directors are of the opnion that it better reflects the underlying market values of the group's freehold land and buildings. The change in accounting policy has not been retrospectively applied to the prior period as the independent valuation obtained upon which revalued amounts have been based only reflects relevent valuation conditions at 30 June 2006 and are not considered appropriate to retrospectively reflect at 1 July 2004.

Measurement of financial instruments

As detailed in note 1(k) and 1(x) above the consolidated entity has adopted the requirements of AASB 132 *Financial Instruments: Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*, effective from 1 July 2005. Prior period disclosures have not been restated. The initial adoption of these standards has not impacted the financial position, financial performance or the cash flows of the Company or the consolidated entity.

	Consolidated 2006 $'000	Consolidated 2005 $'000
3. Revenue		
Sale of goods	237,637	216,127
Rendering of services	7,323	7,050
	244,960	223,177
Other revenues:		
- interest revenue from other parties	152	109
- other	-	95
Total other revenues	152	204
Total revenue	245,112	223,381
4. Profit and loss		
Profit from ordinary activities before related income tax expense has been determined after charging/(crediting) the following items:		
Cost of goods sold	201,297	173,768
Finance costs:		
- interest – bank loans and overdraft	2,524	1,947
- finance lease charges	401	360
Total finance costs	2,925	2,307
Depreciation:		
- property	500	410
- plant and equipment	3,083	2,480
Total depreciation	3,583	2,890
Amortisation of non-current assets:		
- intellectual property	817	769
- brand names	70	70
- patents and trademarks	45	54
- capitalised leased assets	876	744
Total amortisation	1,808	1,637
Net expenses from movements in provision for:		
- employee entitlements	170	565
- warranty	57	125
- other	810	(173)
Net expense resulting from movements in provisions	1,037	517
Net bad and doubtful debts expense including movements in provision for doubtful debts	141	42
Rental expense on operating leases	1,988	2,533
Research and development expenditure written off as incurred	763	480
Crediting as income:		
Net (gain)/loss on disposal of:		
- property plant and equipment	(40)	(334)

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000
5. Individually Material Items of Revenue and Expense			
Process improvement programs		-	(469)
Product design & rectification costs		(622)	(243)
Colrain restructuring and relocation costs		(1,351)	(405)
Costs relating to prior periods		(199)	-
Profit on sale of the TraileRentals business		-	247
Other		(101)	(330)
Net revenue/(expense) from individually material items		(2,273)	(1,200)
Income tax expense applicable		682	360
		(1,591)	(840)
6. Retained Profits			
Retained profits at beginning of year		14,613	9,738
Transfer from the Capital redemption reserve		-	276
Net profit attributable to members of the parent entity		9,313	11,291
Share based payments		477	159
Dividends	9	(7,299)	(6,851)
Retained profits at end of year		17,104	14,613
7. Net Tangible Assets Backing		24.32	20.82

8. 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.

Earnings reconciliation	Consolidated 2006 $'000	Consolidated 2005 $'000
Net profit	9,099	11,601
Net loss (profit) attributable to outside equity interests	214	(310)
Basic earnings	9,313	11,291

Weighted average number of shares	Consolidated 2006 Number	Consolidated 2005 Number
Number for basic earnings per share - ordinary shares	171,742,155	171,443,253
Effect of executive share options	360,099	261,679
Number for diluted earnings per share	172,102,254	171,704,932

9. Dividends

Dividends proposed or paid are:

	Cents per share	Total amount $'000	Date of payment	Tax rate for franking credit	Percent franked
2006					
Final – ordinary[1]	2.0	3,435	18 October 2006	30% (Class C)	100%
Interim – ordinary	2.25	3,864	24 April 2006	30% (Class C)	100%
Total franked amount		7,299			
2005					
Final – ordinary	2.0	3,435	18 October 2005	30% (Class C)	100%
Interim – ordinary	2.0	3,435	22 April 2005	30% (Class C)	100%
Total franked amount		6,870			

[1] The financial effect of this dividend have not been brought to account in the consolidated entity financial statements for the year ended 30 June 2006 and will be recognised in subsequent financial reports.

Dividend franking account

	Consolidated	
	2006 $'000	**2005 $'000**
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	4,016	4,058

The above available amounts are based on the balance of the dividend franking account at 30 June 2006 adjusted for franking debits that will arise from the payment of dividends recognised as a liability at year-end and franking credits that will arise from the payment of the current tax liability.

The Company has a dividend reinvestment plan ("DRP") which was suspended effective 21 February 2005.

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 $1,472,000 (2005: $1,472,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $4,016,000 (2005: $4,058,000) franking credits.

10. Investments Accounted for Using the Equity Method

Investments in associates

Name of Entity	Principal Activity	Ownership Interest 2006 %	Ownership Interest 2005 %	Consolidated Carrying Amount 2006 $'000	Consolidated Carrying Amount 2005 $'000
Freighter Maxi-Cube Queensland Pty Ltd	Trailer retailer	36.67	36.67	1,229	932
Yangzhou Maxi-Cube Tong Composites Co. Limited	Panel manufacturer	50.00	50.00	1,914	2,001
				3,143	2,933

	Revenues (100%)	Profit (100%)	Share of associates profit recognised	Total assets	Total liabilites	Net assets as reported by associates	Share of associates net assets equity accounted
2006	54,049	3,832	1,540	18,553	12,713	5,840	3,143
2005	50,420	2,909	1,116	15,501	10,309	5,192	2,933

	Consolidated 2006 $'000	Consolidated 2005 $'000
Movements in carrying amounts of investments in associates		
Carrying amount of investments in associates at the beginning of the financial year	2,933	3,168
Profit distribution from associates	(1,457)	(1,165)
Share of associates' profit and loss	1,540	1,116
Share of increment (decrement) in foreign currency reserves	127	(184)
Carrying amount of investments in associates at end of year	3,143	2,933
Results of associates		
Share of associates profit before income tax	2,020	1,510
Share of associates income tax expense	(480)	(394)
Share of associates net profits accounted for using the equity method	1,540	1,116
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	858	907
Share of associates net profits using the equity method	1,540	1,116
Profits distributed from associates	(1,457)	(1,165)
Share of associates retained profits at end of year	941	858

11. Issued and Quoted Securities at End of Current Period

	2005 $'000	2004 $'000
Issued capital		
171,742,155 (2005: 171,742,155) fully paid ordinary shares	53,406	53,406
Movements during the period		
Paid up capital at the beginning of the financial year 171,742,155 (2005: 170,061,708)	53,406	52,538
Shares issued during the year		
- 750,000 on 8 July 2004	-	128
- 930,447 on 18 October 2004	-	740
Issued capital at 30 June 2006	53,406	53,406

Shares issued on the exercise of options granted in accordance with employment contracts
During the year ended 30 June 2005 750,000 options were exercised at an exercise price of 17 cents per share.

Shares issued under dividend reinvestment program
On 18 October 2004 930,447 shares were issued to shareholders participating in the dividend reinvestment program.

Executive Share and Options Plans

No options have been granted during the year ended 30 June 2006 or since the end of the period.

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry date	Exercise price ($)	Number of shares
31 December 2008	0.75	5,950,000

Subject to the discretion of the Board, on cessation of employment any options not capable of exercise will lapse. Options not exercised at 31 December 2008 will lapse. Vesting of options is subject to achievement of certain performance hurdles as set out in the consolidated entity's 2006 annual report. Options may not be exercised unless they vest.

	Consolidated	
	2006	**2005**
	$'000	**$'000**
12. Reserves		
Foreign currency translation	(9)	(136)
Asset revaluation	5,535	-
Total	5,526	(136)
Foreign currency translation reserve – movements during the year		
Balance at beginning of year	(136)	48
Net exchange difference on translation of foreign associate	127	(184)
	(9)	(136)
Asset revaluation reserve – movements during the year		
Revaluation of land and buildings	7,956	-
Deferred tax liability	(2,421)	-
	5,535	-

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 as at 30 June 2006.

13. Segment Reporting

Segment Information

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

Year ended 30 June 2006

Business Segments	Sales of New Trailer and Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Revenue					
External segment revenue	193,525	47,569	3,866	-	244,960
Inter-segment revenue	2,001	2,780	-	(4,781)	-
Total segment revenue	195,526	50,349	3,866	(4,781)	244,960
Other unallocated revenue					152
Total revenue					245,112
Result					
Segment result	14,238	(182)	27	-	14,083
Share of net profit of equity accounted investments					1,540
Unallocated corporate expenses					(3,851)
Profit before related income tax expense					11,772
Income tax expense					(2,673)
Net profit					9,099
Depreciation and amortisation	3,808	1,222	8	-	5,038
Unallocated depreciation and amortisation					353
Total depreciation and amortisation					5,391
Assets					
Segment assets	106,418	23,702	2,102	-	132,222
Unallocated corporate assets					15,567
Consolidated total assets					147,789
Liabilities					
Segment liabilities	11,992	5,639	-	-	17,631
Unallocated corporate liabilities					54,122
Consolidated total liabilities					71,753

Capital expenditure	2,765	928	-	-	3,693
Unallocated capital expenditure					207
Consolidated capital expenditure					3,900

Year ended 30 June 2005

Business Segments	Sales of New Trailer and Tipper Units	Sales of Parts & Service	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000
Revenue					
External segment revenue	166,405	46,037	10,735	-	223,177
Inter-segment revenue	2,853	1,886	-	(4,739)	-
Total segment revenue	169,258	47,923	10,735	(4,739)	223,177
Other unallocated revenue					204
Total revenue					223,381
Result					
Segment result	13,344	3,390	337	-	17,017
Share of net profit of equity accounted investments					1,116
Unallocated corporate expenses					(3,080)
before related income tax expense					15,107
Income tax expense					(3,506)
Net profit					11,601

Depreciation and amortisation	2,722	1,010	199	-	3,391
Unallocated depreciation and amortisation					596
Total depreciation and amortisation					4,527
Assets					
Segment assets	103,248	37,461	1,852	-	142,561
Unallocated corporate assets					12,234
Consolidated total assets					154,795
Liabilities					
Segment liabilities	10,136	16,254	29	-	26,419
Unallocated corporate liabilities					55,751
Consolidated total liabilities					82,170

Acquisitions of non-current assets	16,277	2,787	851	-	19,915
Acquisitions of unallocated non-current assets					29
Consolidated total acquisitions of non-current assets					19,944

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.

14. Impact of adopting Australian equivalents to International Financial Reporting Standards

As stated in significant accounting policies note 1, these are the consolidated entity's first consolidated financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the financial year ended 30 June 2006, the comparative information presented in these financial statements for the financial year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the consolidated entity's date of transition).

In preparing its opening AIFRS balance sheet, the consolidated entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRSs has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(a) Business combinations

As permitted by the election available under AASB 1, the classification and accounting treatment of business combinations that occurred prior to transition date have not been restated in preparing the opening AIFRS balance sheet. The assets and liabilities are then subject to the other requirements of AASB 1, as discussed.

Comparative period

Business combinations that occurred on or after 1 July 2004 are to be restated to comply with AIFRS. All business combinations will be accounted for by applying the purchase method. There have been no adjustments impacting the consolidated entity.

(b) Intangible assets

Goodwill

Goodwill represents the difference between the cost of a business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

In respect of acquisitions prior to transition date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Australian GAAP, adjusted for reclassifications of other intangible assets not meeting the AIFRS recognition criteria. No reclassifications have been made.

Goodwill is stated at cost (less accumulated amortisation) less any accumulated impairment losses. Goodwill will be allocated to cash generating units and tested annually for impairment (refer (c) for further details on impairment testing).

Research and development

Under AIFRS expenditure on research activities is expensed as incurred whereas under preious Australian GAAP certain research costs are included within development projects and therefore capitalised.

Under AIFRS, expenditure on development activities must be capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete the development. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

No research or development expenditure had been capitalised under previous Australian GAAP in the year ended 30 June 2005 or in the prior financial year. No significant changes have occurred applying the AIFRS requirements.

Other intangible assets

Other intangible assets acquired separately or through a business combination are stated at cost less accumulated amortisation and impairment losses.

On transition other intangible assets have been reviewed to ensure they are capable of recognition under AASB 138 Intangible Assets and tested for impairment. No impairment losses were recorded. This also resulted in a de-recognition of internally generated intellectual property at transition date of

14. Impact of adopting Australian equivalents to International Financial Reporting Standards *(continued)*

(b) Intangible assets (continued)

$3,362,000, with a commensurate reduction in the asset revaluation reserve of $7,000,000 and an increase in retained earnings of $3,638,000 of the consolidated entity. This also had the effect of reducing intellectual property amortisation by $629,000 for the year ended 30 June 2005.

Amortisation

Amortisation will be recognised on a straight-line basis over the estimated useful lives of the intangible assets, unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are not subject to amortisation but tested for impairment annually. Other intangible assets are amortised from the date they are available for use. Changes in useful life on transition to AIFRS are accounted for prospectively.

The impact on the results for the year ended 30 June 2005 was an increase of $580,000 from the reversal of the goodwill amortisation for the consolidated entity.

(c) Impairment

Under previous Australian GAAP the carrying amounts of non-current assets valued on a cost basis, are reviewed at reporting date to determine whether they are in excess of their recoverable amount.

If the carrying amount of a non-current asset exceeds its recoverable amount the asset is written down to the lower amount, with the write-down recognised in the income statement in the period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts, the relevant cash flows were not discounted to their present value.

Under AIFRS, the carrying amount of the consolidated entity's non-current assets (excluding investment property, defined benefit assets and deferred tax assets), goodwill and indefinite life intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset is tested for impairment by comparing its recoverable amount to its carrying amount.

Goodwill, which is not amortised under AIFRS (refer (b)), intangible assets that have an indefinite useful life and intangible assets not yet ready for use are tested for impairment annually.

If there is any indication that an asset is impaired (or for those tested annually), the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined using a discounted cash flow analysis.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows of other assets or group of assets, with each cash-generating unit being no larger than a segment.

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 they relate to a revalued asset, where the impairment loss will be treated in the same way as a revaluation decrease.

Impairment losses recognised in respect of a cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit pro rata based on their carrying amounts.

Goodwill and other relevant non-current assets have been tested for impairment as at transition date and 30 June 2005. There is no impairment loss for the company or the consolidated entity.

Calculation of recoverable amount

Under previous Australian GAAP, the recoverable amount of non-current assets was assessed at an entity level using undiscounted cash flows.

14. Impact of adopting Australian equivalents to International Financial Reporting Standards *(continued)*

(c) Impairment (continued)

The recoverable amount of other assets under AIFRS is the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the asset or cash generating unit. Cash flows are estimated for the asset or cash generating unit in its current condition and therefore do not include cash inflows and outflows improving or enhancing the asset's performance or expected to arise from future restructuring not yet committed to at testing date.

Reversals of impairment

Under previous Australian GAAP impairment losses have not been reversed.

Under AIFRS an impairment loss in respect of goodwill must not be 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.

There is no impact of this change in treatment on transition or at 30 June 2005 for the consolidated entity.

(d) Taxation

On transition to AIFRS the balance sheet method of tax effect accounting has been adopted, rather than the income statement method applied under previous Australian GAAP.

Under the balance sheet approach, income tax on the profit or loss for the year comprises current and deferred taxes. 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 will be recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments 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 amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not be provided for - goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting or 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 of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting 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 will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The impact on the consolidated entity at 1 July 2004, of the change in basis and the transition adjustments on the deferred tax balances and the previously reported tax expense was an increase in deferred tax assets of $671,000, an increase in deferred tax liabilities of $2,025,000 and a decrease in retained earnings of $1,354,000.

The impact of the change in basis on the tax expense for the financial year ended 30 June 2005 was an increase in tax expense by $144,000 for the consolidated entity. Deferred tax assets and deferred tax liabilities of the consolidated entity decreased by $176,000 and by $34,000 respectively as at 30 June 2005

The consolidated entity had applied UIG 52 for tax consolidation purposes under previous GAAP, resulting in the Company as the head entity of the tax-consolidated group recognising both current and deferred tax in relation to the wholly-owned subsidiaries in the tax-consolidated group.

14. Impact of adopting Australian equivalents to International Financial Reporting Standards *(continued)*

(d) Taxation (continued)

Under AIFRS, the consolidated entity has adopted UIG 1052 which requires the subsidiaries to initially recognise both current and deferred taxes before recognising the head entity's assumption of the current tax liability (asset) and deferred tax assets from tax losses. Under AIFRS the subsidiaries are now required to recognise deferred tax assets relating to temporary differences, other than for tax losses.

Under previous GAAP, the tax funding arrangements assets and liabilities were recognised as inter-entity tax-related balances whereas tax funding arrangements expenses and revenues were recognised as a component of income tax expense or revenue.

Upon adoption of UIG 1052 under AIFRS, all tax funding arrangements amounts are recognised as inter-entity amounts, giving rise to a contribution by or distribution to equity participants to the extent they differ from the amounts assumed by the head entity from subsidiaries. The entities in the Australian tax-consolidated group have revised the tax funding arrangement to address only current tax amounts and deferred tax assets from tax losses/credits so that no net contributions or distributions to equity participants are expected to arise in the future.

The effect in the Company at 30 June 2005 is to decrease *Inter-company receivable* and *Deferred tax liability* by $2,194,000 and decrease *Inter-company payable* and *Deferred tax asset* by $1,561,000.

For the consolidated entity, the impact of moving from UIG 52 to UIG 1052 is the same as the impact of moving to AASB 112. There is nil impact on the consolidated entity from the tax funding arrangement changes as upon consolidation the inter-company balances are eliminated.

(e) Employee benefits

Share based payments
Under previous Australian GAAP no expense is recognised for options issued to employees.

Under AIFRS, the fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date taking into account market and non-market performance conditions, and spread over the vesting period during which the employees becomes unconditionally entitled to the options. The fair value of options granted are measured using the binomial method, taking into account the terms and conditions attached to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that vest except where forfeiture is due to market related conditions.

No adjustment is made for options granted before 7 November 2002 which have vested before 1 January 2004. Options granted after 7 November 2002 remaining unvested at 1 January 2004 are recognised in the opening balance sheet through retained earnings resulting in a nil impact on transition.

For the financial year ended 30 June 2005, employee benefits expense and equity increased by $159,000 in the consolidated entity representing the options expense for the period.

(f) Foreign currency

Financial statements of foreign operations

Under previous Australian GAAP, the assets and liabilities of self-sustaining foreign operations are translated at the rates of exchange ruling at reporting date except for equity items, fixed assets and goodwill which are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are recognised directly in the foreign currency translation reserve until disposal of the operation, when it is transferred directly to retained earnings.

14. Impact of adopting Australian equivalents to International Financial Reporting Standards *(continued)*

(f) Foreign currency (continued)

Under AIFRS each entity in the consolidated entity determines its functional currency, the currency of the primary economic environment in which the entity operates reflecting the underlying transactions, events and conditions that are relevant to the entity. The entity maintains its books and records in its functional currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate reserve of equity.

There are no changes in functional currency for the Company or its subsidiaries.

All foreign operations are translated into Australian dollars using the method described as above, the concepts of 'self sustaining' and 'integrated' operations do not exist in the AIFRS framework.

On disposal of a foreign operation, the amount recognised in the foreign currency translation reserve attributable to the foreign operation is included in the calculation of gain or loss on disposal and recycled through the current year income statement.

The AASB 1 election to reset existing foreign currency translation reserve balance to nil has not been adopted. Foreign currency translation differences that have arisen prior to the date of transition continue to be presented as a separate component of equity.

Goodwill and fair value adjustments arising on acquisition of foreign operations prior to transition date continue to be translated at historical rates as permitted by AASB 1, therefore there is no impact on transition in respect of this change.

(g) Earnings per share

Under AIFRS basic and diluted earnings per share are calculated using the profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The basic and diluted earnings per share for the discontinued operations is calculated and disclosed separately.

(h) Financial instruments

MaxiTRANS Industries Limited have taken the election in AASB 1 to not restate comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement.* There are no adjustments in relation to these standards at 1 July 2004 or for the financial year ended 30 June 2005 as previous Australian GAAP continues to apply.

(i) Property, plant and equipment

Under AIFRS the gain or loss on the disposal of property, plant and equipment is recognised on a net basis as a gain or loss rather than separately recognising the consideration received as revenue. For the consolidated entity an amount of $2,016,000 was reclassified from revenue to other expenses for the financial year ended 30 June 2005.

14. Impact of adopting Australian equivalents to International Financial Reporting Standards *(continued)*

Summary of AIFRS transitional adjustments

The following table sets out the adjustments to the balance sheets of the Company and the consolidated entity at transition to AIFRS as at 1 July 2004 and for the AIFRS comparative period balance sheet as at 30 June 2005.

		Consolidated 1 JULY 2004			Consolidated 30 JUNE 2005	
	AGAAP	Transition impact	AIFRS	AGAAP	Transition impact	AIFRS
	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS						
Current Assets						
Cash	10	-	10	390	-	390
Receivables	19,436	-	19,436	31,579	-	31,579
Inventories	23,683	-	23,683	35,418	-	35,418
Other	295	-	295	296	-	296
Total Current Assets	43,424	-	43,424	67,683	-	67,683
Non-current assets						
Investments in associates	3,168	-	3,168	2,913	20	2,933
Other financial assets		-				
Property, plant and equipment	30,256	-	30,256	43,957	-	43,957
Goodwill	3,615	-	3,615	10,249	580	10,829
Other intangible assets	30,252	(3,362)	26,890	28,788	(2,742)	26,046
Deferred tax assets	1,768	671	2,439	2,053	494	2,547
Other	497	-	497	800	-	800
Total non-current assets	69,556	(2,691)	66,865	88,760	(1,648)	87,112
Total assets	112,980	(2,691)	110,289	156,443	(1,648)	154,795
LIABILITIES						
Current Liabilities						
Accounts and other payable	17,690	-	17,690	27,072	-	27,072
Interest bearing liabilities	2,110	-	2,110	1,533	-	1,533
Current tax payable	1,841	-	1,841	1,159	-	1,159
Provisions	4,290	-	4,290	5,693		5,693
Total Current Liabilities	25,931	-	25,931	35,457		35,457
Non-current liabilities						
Interest bearing liabilities	17,162	-	17,162	42,101	-	42,101
Deferred tax liabilities	2,138	2,025	4,163	2,354	1,991	4,345
Provisions	424	-	424	267	-	267
Total Non-current Liabilities	19,724	2,025	21,749	44,722	1,991	46,713
Total Liabilities	45,655	2,025	47,680	80,179	1,991	82,170
Net Assets	67,325	(4,716)	62,609	76,264	(3,639)	72,625
EQUITY						
Issued capital	52,538	-	52,538	53,406	-	53,406
Reserves	7,324	(7,000)	324	6,864	(7,000)	(136)
Retained profits	7,463	2,284	9,747	11,317	3,296	14,613
	67,325	(4,716)	62,609	71,587	(3,704)	67,883
Parent interest	-	-	-	71,587	(3,704)	67,883
Minority interest	-	-	-	4,677	65	4,742
Total Equity	67,325	(4,716)	62,609	76,264	(3,639)	72,625

14. Impact of adopting Australian equivalents to International Financial Reporting Standards *(continued)*

Summary of impact of transition to AIFRS on retained earnings.

	Consolidated 1 July 2004 $'000	Consolidated 30 June 2005 $'000
- Accumulated amortisation and costs from de-recognition of internally generated intellectual property	3,638	-
- impact of taxation from recognition of deferred tax adjustments	(1,354)	-
- Goodwill amortisation	-	580
- De-recognised intellectual property amortisation	-	629
- Employee share options	-	(159)
- Share of income from associates	-	21
- impact of taxation	-	(144)
Increase in retained earnings	2,284	927

The following table sets out the expected adjustments to the income statements of the Company and the consolidated entity for the year ended 30 June 2005.

	Consolidated For the year ended 30 June 2005		
	AGAAP $'000	**Transition impact $'000**	**AIFRS $'000**
Revenue	223,177	-	223,177
Other income	2,220	(2,016)	204
Changes in inventories of finished goods and work in progress	10,913	-	10,913
Raw materials and consumables used	(148,201)	-	(148,201)
Employee expenses	(52,204)	(159)	(52,363)
Depreciation and amortisation expense	(5,736)	1,209	(4,527)
Other expenses	(14,921)	2,016	(12,905)
Finance costs	(2,307)	-	(2,307)
Share of net profit of associates	1,095	21	1,116
Profit before income tax expense	14,036	1,071	15,107
Income tax expense	(3,362)	(144)	(3,506)
Profit for the period	10,674	927	11,601
Attributable to:			
Equity holders of the parent	10,429	862	11,291
Minority interests	245	65	310
	10,674	927	11,601

15. Material factors affecting the revenues and expenses of the economic entity for the period.

(a) Acquisition of controlled entities

Acquisition of entity

During the financial year the consolidated entity purchased the remaining shares of Colrain Pty Ltd not held by the Company on 8 February 2006 and remaining shares of the subsidiaries listed below, not held by Colrain Pty Ltd, for total cash of consideration of $2,777,000. The amount includes the purchase of minority interests in the following companies:

Colrain (Albury) Pty Ltd	22 December 2005
Colrain (Ballarat) Pty Ltd	24 February 2006
Colrain (Geelong) Pty Ltd	30 June 2006

During the year ended 30 June 2005 the consolidated entity entered into a joint venture for the purchase of 70% of the voting shares of Colrain Pty Ltd as at 1 December 2004 for cash of $14,094,000.

	$'000
Total consideration	14,094
Shares issued as consideration	-
Outflow of cash	14,094
Fair value of net assets acquired:	
Property, plant and equipment	1,408
Deferred tax asset	203
Goodwill	7,213
Cash assets	138
Inventories	6,836
Receivables	431
Intellectual property and patents	59
Payables	(415)
Other provisions	(727)
Financial liabilities & equity	(1,052)
Consideration cash	14,094

(b) Acquisition of business

The consolidated entity purchased specific assets and liabilities of the business of Peki Transport Equipment Pty Ltd on 7 September 2005 and the operating results of the business from that date have been included in the consolidated profit. The business manufactures vans and rigid body vans. Details of the acquisition are as follows:

	$'000
Total consideration	
Outflow of cash	1,493
Fair value of net assets acquired:	
Property, plant and equipment	621
Other assets	85
Deferred tax asset	122
Inventories	1,070
Other provisions	(405)
Consideration	1,493

Notes to the financial statements
FOR THE YEAR ENDED 30 JUNE 2006

Events Subsequent to Reporting Date

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

Unless disclosed the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report.

The annual financial report is in the process of being audited.

Sign here: Neil F Gillies Date: 21 August 2006

(Company Secretary)
Print name: NEIL F GILLIES