



TRADING UPDATE

MaxiTRANS Industries Limited ('MXI') is Australia's largest supplier of road transport trailing equipment solutions.

In conjunction with the release of the results for the half year ended 31 December 2013 in February this year, the MXI Board advised shareholders that, whilst market sentiment was still subdued, it was expected that the company's financial performance in the second half of FY14 should be consistent with the first half of FY14. MXI reported net profit after tax attributable to MXI equity holders of \$10.25 million in the first half of FY14.

MXI now advises that whilst the domestic market for trailers and vans has held up reasonably well, sales of tippers across all of our brands has not shown any signs of improvement since the half year and order intake has softened further. The Queensland drought together with declining mining and resources investment (including the cancellation of a large order due to a customer's contract not proceeding) and low construction activity continues to have a detrimental impact on demand for tipper products. The recent closure of our independent dealer in the Northern Territory is indicative of the current market situation.

The performance of our parts business, MaxiPARTS, is also weaker as a result of a softer market and cost increases arising from the fall in the Australian dollar not being able to be passed on in the short term, thereby impacting margins. A number of localised issues have also impacted the business including a faster than expected slowdown in the Gladstone market, the location of our single largest Parts store. This decline is occurring more rapidly than we expected as resources projects in the region move from a construction phase to an operating phase. However, we expect that our accretive acquisitions in NSW during the year (Dubbo, Wagga and Central Coast) together with our greenfields stores in Sydney, Mackay and Darwin will go some way to ameliorate the Gladstone store shortfall in FY15. Additionally, there has been a delay in re-introducing a third party core product that had been temporarily withdrawn from the market for quality reasons earlier in FY14, which will adversely impact the projected performance of the Parts business for the remainder of FY14. At this stage, we believe that this product will be back in the market in Q1FY15.

In relation to our China joint venture, notwithstanding strong demand for our product, challenges in achieving required production volumes from the new manufacturing facility will impact its financial performance in FY14. Good progress has been made on these issues and we expect performance to meet expectations in future periods.

As a result of these developments the Board is of the opinion that, based on unaudited internal management accounts and projections, net profit after tax for the full year ending 30 June 2014 is likely to be in a range of \$16.5 million to \$17.5 million.

The Board is confident that appropriate strategies and foundations are in place to manage current economic and market conditions and to provide the base for optimal financial performance as the markets for the company's products improve.

For more information please contact the Managing Director, Mr. Michael Brockhoff, or the Chief Financial Officer, Mr. Campbell Richards on (03) 8368 1100. Alternatively, you may wish to visit our website at www.maxitrans.com.au.

Michael Brockhoff
Managing Director
23 April, 2014