



**MaxiTRANS Industries Limited**  
ACN 006 797 173

**346 Boundary Road**  
**Derrimut, Victoria 3030**

Telephone (03) 8368 1177

Facsimile (03) 8368 1178

**MaxiTRANS INDUSTRIES LIMITED**  
**ANNUAL GENERAL MEETING – 20 OCTOBER 2006**

**CHAIRMAN'S ADDRESS**

---

My address today will focus on the forward outlook and strategy of the company. However I would like to reiterate the highlights of the year in review:-

- ❑ Record sales of \$245 million – 10% increase
- ❑ Record output and earnings from our Ballarat facility - 4% increase
- ❑ Record Freighter and Maxi-CUBE unit sales - 6% increase
- ❑ Record earnings from MaxiTRANS New Zealand
- ❑ Record contributions from both joint ventures
- ❑ An increase in ordinary dividends for the year of 6.25% to a record 4.25 cents per share
- ❑ Acquisition of Peki van and rigid body business in September 2005

**Dividends**

As you would be aware a final dividend of 2 cents/ordinary share was paid on 18 October 2006, with total dividends paid for the year of 4.25 cps, representing a yield of 7.7% on a share price of 55 cents and a 6.25% increase on the pcp.

## **Review of Acquisitions**

Before moving on to the forward outlook, I would like to provide you with a brief overview of the acquisitions MaxiTRANS has made over the last 3 years and the strategic importance of these acquisitions:-

1. Lusty EMS was acquired in July 2003 and was strategically important as it provided the company with a strong entry into the tipper segment and complemented our traditional trailer and van skills know-how, yet provided further diversity and counter cyclicalty. Lusty EMS operates predominantly in the rural sector, and as you all well know, the rural sector, particularly on the east coast of Australia, has either been in drought or exceptional circumstances for the last 2 years and we appear to be in the grip of a drought that may well be more significant than the 'one year in one hundred' drought that we endured only two years ago. Lusty EMS has doubled output over the last 2 years from our new facility at Richlands and we have strengthened the management with the appointment of the former manufacturing manager of our Ballarat facility to general manager – Lusty EMS. Despite these changes we are very reliant on mother nature, which has been very unkind of late, and the adverse impact on our customers is now moving through the sector leaving very few unscathed.
2. Hamelex White was acquired in March 2004 and provided MaxiTRANS with a different tipper product in predominantly different geographic and industry segments to that of Lusty EMS. Hamelex White has a strong marketshare in the construction products segment, particularly along the east coast and South Australia. The business has underperformed over the last two years but we have made progress and recently appointed a general manager with significant experience in the automotive industry. We are currently embarking on a significant capital expenditure project that will facilitate a significant reduction in the unit cost of building tippers and at the same time increase capacity. The capex for these projects, which will only proceed if they provide satisfactory internal rates of return, are in the range of \$5-7 million.
3. The Colrain JV was entered into in December 2004 and has performed well below our expectations. The key reasons for this revolve around the poor integration of the Colrain group with the Ultraparts group, which was previously owned by MaxiTRANS.

We acquired the 30% minority shareholding in Colrain in February 2006, and Colrain is now a 100% owned subsidiary. We believe we have made the necessary structural changes and now have the management team in place to deliver, however the results year to date, while trending in the right direction, are not in line with budget or our expectations, due in the main to the trailer segment remaining subdued and the rapidly deteriorating rural and regional segments, which are being adversely impacted by the drought.

However, we remain committed to the expansion of the parts group, which remains a key platform in our strategy to grow and diversify.

### **Strategy**

Our key strategies remain focused on enhancing shareholder value through providing customer satisfaction, development of innovative products, continuous improvement, organic growth and strategic acquisitions. While we clearly had several aberrations in FY2006, it must be reiterated that they were aberrations and we are confident that we can and will deliver on our strategic objectives.

### **Outlook**

In the outlook section of our announcement to the ASX dated 21 August 2006 we made the following comments, in relation to which I would like to advise you of our progress:-

1. "We expect Colrain to make a positive contribution to group earnings in FY 2007 through increased sales, improved margins and operational efficiency". Colrain is a vastly improved business compared to this time last year, and while there are some exciting opportunities before us, the subdued trailer segment and the impact of what may be the worst drought we have ever endured have necessitated a significant reduction in our profit expectations for FY 2007. While we expect a positive contribution in FY 2007 it will be significantly lower than budgeted for the reasons stated above, it is highly dependent on the severity of the drought and the demand from the trailer segment, which at present is subdued.

2. "While we expect the trailer and van segments to remain relatively stable throughout 2007 we expect this to be offset by improved earnings from Colrain, Hamelex White and Lusty EMS". Order intake and sales for the van segment have been strong since July and our order bank is out to January 2007. Order intake in September 2006 for trailers was 140% of budget. We believe this may be in response to the downward trend in fuel prices since mid August. Our view is that fuel prices, particularly for our small to medium customers, have more impact on decision making than interest rates. While Lusty EMS has improved significantly from an operational perspective, and Hamelex White is improving following management changes, both tipper business units are heavily impacted by the drought, in particular Lusty EMS which is predominantly rural based, and again we do not expect these business units to achieve budget for these reasons. Management is working hard to develop initiatives in other segments, develop new products and improve efficiency in order to maximize our earnings in extremely difficult market conditions.

We reiterate that while 2007 will be a year of consolidation, MaxiTRANS will continue to pursue acquisitions that are complementary to our strategy.

The Company continues to actively explore JV opportunities in the trailer equipment manufacturing market in China and when an appropriate target is located we will pursue it.

In conclusion, while it is disappointing to report that the Company has, for the first time in 6 years, not reported increased sales and earnings, we are operating in a difficult market, the first of which we have seen for over 6 years, and business units operating in or supplying rural or regional customers are being hit hard by what could be the worst drought we have ever experienced. I can assure you that the vast majority of our business units are now operating efficiently and are in strong positions to take advantage of any growth opportunities in the short term.

Ladies and Gentlemen, I now have pleasure in introducing our Managing Director, Mr Michael Brockhoff, who will provide an overview of the operations for the year in review along with our strategic and operational initiatives going forward. Before doing that however I would like to make two announcements.

In accordance with auditor independence requirements as specified in the Corporations Act 2001, Mr Bernie Szentirmay, rotates out as the engagement partner, after having been involved in five consecutive annual audits of MaxiTRANS, particularly through the difficult phases of adopting and implementing AIFRS. We thank Bernie for his contribution to the conduct and quality of the audit services provided over the past five years. As a result of Bernie's rotation from the audit of MaxiTRANS I welcome Mr Adrian King, who replaces Bernie as engagement partner from the conclusion of this meeting.

I also advise you that our company secretary, Mr Neil Gillies, will be resigning as company secretary as at 31 December 2006 after 18 years as company secretary, including 12 years as company secretary of the public company, to pursue a change in direction in his career. Neil commenced with the company in 1988 in an accounting role and assumed the role of company secretary of the private company, Maxi-CUBE Pty Ltd. During those 18 years, Neil has capably and efficiently served as company secretary. Neil was appointed IT Manager in 1999 and it is in this field that Neil wishes to further his career and will be relocating to Queensland in 2007. Neil's commitment, loyalty and attention to the technical responsibilities of the company secretary role are unquestioned, he will be missed, and on behalf of the company Neil I thank you for your contribution and loyalty to the MaxiTRANS group over the last 18 years.

Ian R. Davis

Chairman

20 October 2006