



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