



## MaxiTRANS ANNOUNCES HALF YEAR FY16 RESULT

MaxiTRANS Industries Limited (“MXI”) today announced its half year result, with net profit after tax attributable to MXI shareholders of \$5.19 million for the half year ended 31 December, 2015. This result is consistent with the guidance issued in November, 2015. Excluding the effects of the costs of closing the Bundaberg manufacturing facility of \$0.438 million after tax, underlying net profit after tax attributable to MXI shareholders was \$5.63 million, representing an 11% increase over the prior corresponding period.

The Directors have declared a fully franked interim dividend of 2.0 cents per share (1H15 2.0 cents per share), payable on 14 April, 2016 to all shareholders at the record date, 25th March 2016. This represents a 66% payout ratio of underlying NPAT.

(A\$'000)	Half Year ended 31/12/15	Half Year ended 31/12/14	% Increase
<b>Sales revenue</b>	<b>181,365</b>	<b>172,022</b>	<b>5%</b>
<b>EBIT</b> <sup>1, 2</sup>	<b>8,525</b>	<b>7,821</b>	<b>9%</b>
Interest expense	(1,161)	(1,113)	
<b>Net profit before tax</b>	<b>7,364</b>	<b>6,708</b>	<b>10%</b>
Tax expense	(2,035)	(1,624)	
<b>Net profit after tax</b>	<b>5,329</b>	<b>5,084</b>	<b>5%</b>
Non-controlling interests	(140)	2	
<b>Net profit attributable to MXI equity holders</b>	<b>5,189</b>	<b>5,086</b>	<b>2%</b>
<b>Underlying net profit attributable to MXI equity holders</b> <sup>2,3</sup>	<b>5,627</b>	<b>5,086</b>	<b>11%</b>
<b>EPS (basic)</b>	<b>2.80 cents</b>	<b>2.75 cents</b>	<b>2%</b>
<b>Underlying EPS (basic)</b> <sup>2,3</sup>	<b>3.04 cents</b>	<b>2.75 cents</b>	<b>11%</b>

1. EBIT refers to profit for the period before income tax expense and finance costs.

2. Non-IFRS measures have not been subject to audit or review by external auditors.

3. Represents net profit attributable to MXI equity holders excluding the after tax value of Bundaberg restructure costs of \$438k.

Revenue for 1H16 increased by 5.4% from 1H15, with the increase mainly attributable to a 12% increase in the trailer business. Profit for the segment declined by 11.2% from 1H15, however this includes the costs of closing the Bundaberg site.

Pleasingly, MaxiTRANS continued to improve its market share during the period notwithstanding total unit sales were consistent with the prior corresponding period. However, this market share growth came at a cost with margins adversely impacted by heavy discounting. We are in a strong position to further improve our market position with the opening of our new company-owned NSW trailer dealership in 1H15. Early signs are this will be a successful strategy to grow in this important market.

Revenue in the Parts and Service segment decreased by 6% from 1H15, principally due to an 8% revenue decline from the Australian Parts business, however this was partially offset by solid growth from our business in China. Profit for the segment improved 42% on 1H15.

## **OUTLOOK**

The Australian trailer market continues to be a very competitive environment. However, our aggressive pursuit of market share has resulted in a solid order book leading into 2H16.

Combined with realising the benefits from the closure of the Bundaberg facility in 1H16, further progress on realising benefits from the continuous improvement program in our other manufacturing sites should place us in a strong position to improve market share profitably.

In the Parts and Service segment, new business initiatives, including the MaxiSTOCK customer inventory management system, which has been favourably received by the market and the introduction of a new suspension product, will provide new revenue sources for the business in 2H16 notwithstanding a challenging market environment.

A softening market in New Zealand combined with significant uncertainty created by new proposed trailer design regulatory changes in December 2016 is likely to result in weaker performance for our New Zealand business in 2H16.

A number of opportunities for our China business should, if we are successful, result in improved performance over the prior corresponding period.

Overall, the launch of new products, the opening of the NSW dealership and the continued optimisation of our manufacturing footprint will position MaxiTRANS well in capitalising on market opportunities in 2H16.

**Ian Davis**  
**Chairman**

**Michael Brockhoff**  
**Managing Director**

**19 February 2016**

# Appendix 4D

## Half Year Report

Introduced 1/1/2003

Name of entity

<b>MAXITRANS INDUSTRIES LIMITED</b>
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<b>ABN 58 006 797 173</b>	<b>Half Year Ended 31 December 2015</b>
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### Results for announcement to the market

(All comparisons to half-year ended 31 December 2014)

				\$A'000
Revenues from ordinary activities	up	5%	to	181,365
Net profit after tax (excluding significant items) attributable to members of the company <sup>1, 2, 3</sup>	up	11%	to	5,627
Net profit after tax (including significant items) attributable to members of the company	up	2%	to	5,189
<b>Dividends (distributions) - Note 4</b>	Amount per security		Franked amount per security	
Interim dividend – Ordinary shares	2.00¢		2.00¢	
Previous corresponding period: Interim dividend – Ordinary shares	2.00¢		2.00¢	
Record date for determining entitlements to the dividend.	25 March 2016			
Refer to the attached ASX announcement regarding commentary on revenue, earnings (including underlying results) and business outlook.				
<p><sup>(1)</sup> Net profit after tax (excluding significant items) attributable to members of the company is a non-IFRS measure, which has not been subject to review or audit by the Group's external auditors. This measure is presented to enable understanding of the underlying performance of the Group by users.</p> <p><sup>(2)</sup> Excludes the impact of \$0.438 million in after tax costs incurred in relation to the closure of the Bundaberg facility.</p> <p><sup>(3)</sup> Also referred to as underlying net profit after tax attributable to MXI shareholders.</p>				

**MaxiTRANS Industries Limited**  
**Directors' Report for the half-year ended 31 December 2015**

The Directors of MaxiTRANS Industries Limited submit herewith the financial report for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**Directors**

The names of the Directors of the company during or since the end of the half-year are:

Mr. Ian R. Davis	(Chairman since October 1994)
Mr. James R. Curtis	(Director Since 1987 – Deputy Chairman since October 1994)
Mr. Michael A. Brockhoff	(Managing Director since June 2000)
Mr. Geoffrey F. Lord	(Director since October 2000)
Mr. Robert H. Wylie	(Director since September 2008)
Mr. Joseph Rizzo	(Director since June 2014)

**Review of operations**

MaxiTRANS Industries Limited (“MXI”) today announced its half year result, with net profit after tax attributable to MXI shareholders of \$5.19 million for the half year ended 31 December, 2015. Excluding the effects of the costs of closing the Bundaberg manufacturing facility of \$0.438 million after tax, underlying net profit after tax attributable to MXI shareholders was \$5.63 million, representing an 11% increase over the prior corresponding period.

The Directors have declared a fully franked interim dividend of 2.0 cents per share (1H15 2.0 cents per share), payable on 14 April, 2016 to all shareholders at the record date, 25th March 2016. This represents a 66% payout ratio of underlying NPAT.

Revenue for 1H16 increased by 5.4% from 1H15, with the increase mainly attributable to a 12% increase in the trailer business. Profit for the segment declined by 11.2% from 1H15, however this includes the costs of closing the Bundaberg site.

Pleasingly, MaxiTRANS continued to improve its market share during the period notwithstanding total unit sales were consistent with the prior corresponding period. However, this market share growth came at a cost with margins adversely impacted by heavy discounting. We are in a strong position to further improve our market position with the opening of our new company-owned NSW trailer dealership in 1H15. Early signs are this will be a successful strategy to grow in this important market.

Revenue in the Parts and Service segment decreased by 6% from 1H15, principally due to an 8% revenue decline from the Australian Parts business, however this was partially offset by solid growth from our business in China. Profit for the segment improved 42% on 1H15.

**Outlook**

The Australian trailer market continues to be a very competitive environment. However, our aggressive pursuit of market share has resulted in a solid order book leading into 2H16.

Combined with realising the benefits from the closure of the Bundaberg facility in 1H16, further progress on realising benefits from the continuous improvement program in our other manufacturing sites should place us in a strong position to improve market share profitably.

In the Parts and Service segment, new business initiatives, including the MaxiSTOCK customer inventory management system, which has been favourably received by the market and the introduction of a new suspension product, will provide new revenue sources for the business in 2H16 notwithstanding a challenging market environment.

A softening market in New Zealand combined with significant uncertainty created by new proposed trailer design regulatory changes in December 2016 is likely to result in weaker performance for our New Zealand business in 2H16.

A number of opportunities for our China business should, if we are successful, result in improved performance over the prior corresponding period.

Overall, the launch of new products, the opening of the NSW dealership and the continued optimisation of our manufacturing footprint will position MaxiTRANS well in capitalising on market opportunities in 2H16.

### **Dividend**

The Directors have declared a fully franked interim dividend of 2.0 cents per share payable on 14 April, 2016 to holders on the record date, 25 March, 2016.

### **Auditor's independence declaration**

The independence declaration of our auditor, KPMG, in accordance with s. 307C of the Corporations Act 2001 is set out on page 4 for the half year ended 31 December 2015 and forms part of the Directors' report.

### **Rounding of amounts**

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly, amounts in the interim financial statements and the Director's Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the Board of Directors.



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Michael A. Brockhoff  
Managing Director

Melbourne, 19 February 2016



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of MaxiTRANS Industries Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*KPMG*

KPMG

Tony Romeo  
*Partner*

Melbourne

19 February 2016

## DIRECTORS' DECLARATION

In the opinion of the Directors of MaxiTRANS Industries Limited ("the Company"):

- 1 the interim consolidated financial statements and notes set out on pages 6 to 15, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board in accordance with a resolution of Directors made pursuant to s.303(5) of the Corporations Act 2001.



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Michael A. Brockhoff  
Managing Director

Melbourne, 19 February 2016

**CONSOLIDATED INCOME STATEMENT AND  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>Note</b>	<b>31 Dec 2015 \$'000</b>	<b>31 Dec 2014 \$'000</b>
Total revenue	2	181,365	172,022
Raw materials and consumables used		(111,630)	(101,272)
Interest income	3	44	45
Employee expenses		(41,313)	(43,217)
Depreciation and amortisation expenses		(2,672)	(2,852)
Finance costs		(1,161)	(1,113)
Restructure costs		(626)	-
Other expenses		(17,120)	(17,388)
Share of net profits of joint ventures accounted for using the equity method		477	483
<b>Profit before income tax</b>		<b>7,364</b>	<b>6,708</b>
Income tax expense		(2,035)	(1,624)
<b>Profit for the period</b>		<b>5,329</b>	<b>5,084</b>
Profit attributable to:			
Equity holders of the company		5,189	5,086
Non-controlling interests		140	(2)
<b>Profit for the period</b>		<b>5,329</b>	<b>5,084</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Profit for the period</b>		<b>5,329</b>	<b>5,084</b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified to profit or loss:</i>			
Revaluation of land and buildings		-	1,039
Related tax		-	(312)
Total items that will never be reclassified to profit or loss		-	727
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Net exchange difference on translation of financial statements of foreign operations		760	1,236
Effective portion of changes in fair value of cash flow hedges		34	(134)
Related tax		(10)	40
Total items that may subsequently be reclassified to profit or loss		784	1,142
Other comprehensive income for the period, net of income tax		784	1,869
<b>Total comprehensive income for the period</b>		<b>6,113</b>	<b>6,953</b>
Total comprehensive income attributable to:			
Equity holders of the company		5,968	6,801
Non-controlling interests		145	152
<b>Total comprehensive income for the period</b>		<b>6,113</b>	<b>6,953</b>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)		2.80¢	2.75¢
Diluted earnings per share (cents per share)		2.80¢	2.74¢
		<b>Number</b>	<b>Number</b>
<i>Weighted average number of shares:</i>			
Number for basic earnings per share		185,075,653	185,075,653
Number for diluted earnings per share		185,075,653	185,513,786
<i>Net Tangible Assets Backing (cents per share)</i>		<b>45.99¢</b>	<b>42.37¢</b>
<i>Net Assets Backing (cents per share)</i>		<b>68.59¢</b>	<b>66.89¢</b>

The consolidated income statement and consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated half-year financial statements.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	31 Dec 2015 \$'000	30 June 2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		2,130	4,345
Trade and other receivables		36,215	42,961
Inventories		48,955	53,735
Current tax asset		2,053	1,410
Other		2,430	1,790
<b>Total Current Assets</b>		<b>91,783</b>	<b>104,241</b>
<b>Non-Current Assets</b>			
Investments in joint venture	5	4,028	3,926
Property, plant & equipment		74,659	73,354
Intangible assets		41,840	42,232
Deferred tax assets		426	933
Other		1,183	1,156
<b>Total Non-Current Assets</b>		<b>122,136</b>	<b>121,601</b>
<b>Total Assets</b>		<b>213,919</b>	<b>225,842</b>
<b>Current Liabilities</b>			
Trade and other payables		39,020	43,216
Interest bearing loans and borrowings		1,198	5,266
Current tax liability		166	362
Provisions		12,159	12,694
<b>Total Current Liabilities</b>		<b>52,543</b>	<b>61,538</b>
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings		32,741	42,036
Deferred tax liabilities		334	260
Provisions		1,140	1,152
Other		211	244
<b>Total Non-Current Liabilities</b>		<b>34,426</b>	<b>43,692</b>
<b>Total Liabilities</b>		<b>86,969</b>	<b>105,230</b>
<b>Net Assets</b>		<b>126,950</b>	<b>120,612</b>
<b>Equity</b>			
Issued capital		56,386	56,386
Reserves		16,671	15,583
Retained earnings		51,994	46,805
<b>Equity attributable to equity holders of the company</b>		<b>125,051</b>	<b>118,774</b>
Non-controlling interest		1,899	1,838
<b>Total Equity</b>		<b>126,950</b>	<b>120,612</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated half-year financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

Note	Issued capital \$'000	Asset revaluation reserve <sup>1</sup> \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Other reserves <sup>2</sup> \$'000	Total \$'000
<b>Balance as at 1 July 2014</b>	56,386	9,836	50,457	1,901	3,233	121,813
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	5,086	(2)	-	5,084
<i>Other comprehensive income</i>						
Net exchange difference on translation of financial statements of foreign operations	-	-	-	154	1,082	1,236
Revaluation of land and buildings	-	727	-	-	-	727
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(94)	(94)
<b>Total comprehensive income for the period</b>	-	727	5,086	152	988	6,953
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to equity holders	4	-	(4,164)	(260)	-	(4,424)
Share based payment transactions	-	-	(289)	-	(259)	(548)
<b>Total transactions with owners</b>	-	-	(4,453)	(260)	(259)	(4,972)
<b>Balance 31 December 2014</b>	56,386	10,563	51,090	1,793	3,962	123,794
<b>Balance as at 1 July 2015</b>	56,386	12,046	46,805	1,838	3,537	120,612
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	5,189	140	-	5,329
<i>Other comprehensive income</i>						
Net exchange difference on translation of financial statements of foreign operations	-	-	-	5	755	760
Revaluation of land and buildings	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	24	24
<b>Total comprehensive income for the period</b>	-	-	5,189	145	779	6,113
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to equity holders	4	-	-	(84)	-	(84)
Share based payment transactions	-	-	-	-	309	309
<b>Total transactions with owners</b>	-	-	-	(84)	309	225
<b>Balance 31 December 2015</b>	56,386	12,046	51,994	1,899	4,625	126,950

**1. Asset revaluation reserve**

The asset revaluation reserve includes the net revaluation increments arising from the revaluation of land and buildings.

**2. Other reserves**

Other reserves comprises the foreign currency translation reserve, share based payment reserve and hedging reserve.

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated half-year financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	209,912	201,379
Payments to suppliers & employees	(193,818)	(186,780)
Interest received	44	45
Interest & other costs of finance paid	(1,161)	(1,113)
Income tax paid	(1,795)	(2,849)
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>13,182</b>	<b>10,682</b>
<b>Cash Flows from Investing Activities</b>		
Payments for property, plant & equipment	(4,336)	(3,496)
Dividends received	374	435
Proceeds from sale of property, plant & equipment	1,950	129
<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>(2,012)</b>	<b>(2,932)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	2,318	2,839
Repayment of borrowings	(14,056)	(6,666)
Payment of finance lease liabilities	(1,625)	(1,022)
Dividends paid	(84)	(4,424)
<b>Net Cash Provided by/(Used in) Financing Activities</b>	<b>(13,447)</b>	<b>(9,273)</b>
Net increase/(decrease) in cash	(2,277)	(1,523)
Cash and cash equivalents 1 July	4,345	5,041
Effect of exchange rate fluctuations on cash held	62	340
<b>Cash and cash equivalents 31 December</b>	<b>2,130</b>	<b>3,858</b>
<b>Reconciliation of cash</b>		
Cash at bank and on hand	2,130	3,858
<b>Non-cash financing and investing activities</b>		
Acquisition of plant & equipment by means of finance leases	-	461

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

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated half-year financial statements.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

**1. Statement of Compliance and Significant Accounting Policies**

**Reporting entity**

MaxiTRANS Industries Limited (the "Company") is a company domiciled in Australia and its registered office is 346 Boundary Road, Derrimut, Victoria. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at 346 Boundary Rd, Derrimut, Victoria or at [www.maxitrans.com](http://www.maxitrans.com)

**Statement of compliance**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

This consolidated interim financial report was approved by the Board of Directors on 19 February 2016.

The Group has applied the relief available to it in ASIC Class Order 98/100 dated 10 July 1998 and, accordingly, amounts in the interim financial report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

**Significant accounting policies**

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2015.

**Impact of standards issued but not yet applied by the entity:**

IFRS 16 *Leases* – IFRS 16 requires companies to bring most leases on-balance sheet, which will likely result in the recognition of new assets and liabilities for assets currently classified as an operating lease under AASB 118 *Leases*. In addition, there are likely to be changes to the timing of amounts recognised in the income statement. The new standard will be applied for the annual reporting period ending 30 June 2020. The Consolidated Entity is yet to assess the impact of the standard on its financial statements.

**Accounting Estimates and Judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

	<b>31 Dec 2015</b>	31 Dec 2014
<b>2. Revenue</b>	<b>\$'000</b>	\$'000
Sale of goods	<b>173,650</b>	164,777
Rendering of services	<b>7,715</b>	7,245
<b>Total Revenue</b>	<b>181,365</b>	172,022

**3. Other income**

Interest revenue	<b>44</b>	45
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

<b>4. Dividends</b>	<b>31 Dec 2015 \$'000</b>	31 Dec 2014 \$'000
<b>Dividends paid:</b>		
No final dividend was paid for the financial year ended 30 June 2015. A final dividend of 2.25 cents per share franked at the rate of 30% was paid for the financial year ended 30 June 2014.	-	4,164
<b>Dividends proposed:</b>		
Interim dividend of 2.00 (2014: 2.00) cents per share franked at the rate of 30% (2015: 30%).	<b>3,702</b>	3,702
<b>Dividend franking account</b>		
Class C (30%) franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	<b>21,187</b>	18,606

On 19 February 2016, the Directors have declared a fully franked interim dividend of 2.0 cents per share, payable on 14 April 2016 to holders of ordinary shares at the record date, 25 March 2016. No liability has been recorded in relation to this dividend at 31 December 2015.

The above franking credits available amounts are based on the balance of the dividend franking account at 31 December 2015 adjusted for franking debits that will arise from the payment of dividends recognised as a liability at period-end and franking credits that will arise from the payment of tax liabilities.

The operation of the Company's dividend reinvestment plan ('DRP') was suspended on 21 June 2011 until further notice and will not apply to the above dividend.

**5. Investment in Joint Venture**

Name of Entity	Principal Activity	Ownership Interest	
		31 Dec 2015 %	31 Dec 2014 %
Trailer Sales Pty Ltd	Trailer retailer. Repair and service provider. Sale of Spare parts	<b>36.67</b>	36.67
		<b>\$'000</b>	\$'000
Carrying amount of investments in joint ventures		<b>4,028</b>	4,042

**6. Bank Facilities**

Core Australian and New Zealand loan facilities of \$75.0m mature as follows, subject to continuing compliance with the terms of the facilities:

- \$15.0m in December 2016
- \$30.0m in January 2018
- \$30.0m in December 2018

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

**7. Segment Information**

It is the Group's policy that 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 interest-bearing loans, borrowings and expenses, and corporate assets and expenses. There have been no changes in reportable segments during the year. Total finance costs of the Group are included in unallocated corporate costs.

**Six months ended 31 December 2015**

<b>Business Segments</b>	<b>Trailer &amp; Tipper Units</b>	<b>Parts &amp; Service</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>				
External segment revenue	117,372	62,968	-	180,340
Inter-segment revenue	785	14,069	(14,854)	-
<b>Total segment revenue</b>	<b>118,157</b>	<b>77,037</b>	<b>(14,854)</b>	<b>180,340</b>
Unallocated sundry revenue				1,025
<b>Total Revenue</b>				<b>181,365</b>
<b>Segment Result</b>				
Segment net profit before tax	5,213	3,388	-	8,601
Share of net profit of equity accounted investments				477
Unallocated corporate expenses				(1,714)
Profit before related income tax expense				7,364
Income tax expense				(2,035)
<b>Net profit</b>				<b>5,329</b>
<b>Assets</b>				
Segment assets	108,528	82,255	-	190,783
Unallocated corporate assets				23,135
<b>Consolidated total assets</b>				<b>213,918</b>
<b>Liabilities</b>				
Segment liabilities	12,866	26,007	-	38,873
Unallocated corporate liabilities				48,095
<b>Consolidated total liabilities</b>				<b>86,968</b>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

**7. Segment Information (cont.)**

Six months ended 31 December 2014

<b>Business Segments</b>	<b>Trailer &amp; Tipper Units</b>	<b>Parts &amp; Service</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>				
External segment revenue	104,244	67,050	-	171,294
Inter-segment revenue	968	10,442	(11,410)	-
<b>Total segment revenue</b>	<b>105,212</b>	<b>77,492</b>	<b>(11,410)</b>	<b>171,294</b>
Unallocated sundry revenue				728
<b>Total Revenue</b>				<b>172,022</b>
<b>Segment Result</b>				
Segment net profit before tax	5,869	2,378	-	8,247
Share of net profit of equity accounted investments				483
Unallocated corporate expenses				(2,022)
Profit before related income tax expense				6,708
Income tax expense				(1,624)
<b>Net profit</b>				<b>5,084</b>
<b>Assets</b>				
Segment assets	111,433	81,370	-	192,803
Unallocated corporate assets				17,710
<b>Consolidated total assets</b>				<b>210,513</b>
<b>Liabilities</b>				
Segment liabilities	12,101	20,667	-	32,768
Unallocated corporate liabilities				53,951
<b>Consolidated total liabilities</b>				<b>86,719</b>

**SECONDARY REPORTING**

The Group's external revenues are predominately derived from customers located within Australia. The customer base is sufficiently diverse to ensure the Group is not reliant on any particular customer. The Group's assets and capital expenditure activities are predominantly located within Australia.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

**8. Financial Instruments**

**Net fair value**

Fair Value Measurement requires that financial and non-financial assets and liabilities measured at fair value be disclosed according to their position in the fair value hierarchy.

This hierarchy has three levels. Level 1 is based on quoted prices in active markets for identical assets; Level 2 is based on quoted prices or other observable market data not included in Level 1; while Level 3 valuations are based on inputs other than observable market data.

The following table presents MaxiTRANS assets and liabilities measured and recognised at fair value and their classification within the fair value hierarchy at 31 December 2015.

<b>As at 31 December 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Financial assets				
Derivatives	-	-	-	-
Non-financial assets				
Land and buildings	-	-	39,602	39,602
	-	-	39,602	39,602
Financial Liabilities				
Derivatives	-	(303)	-	(303)
	-	(303)	39,602	39,299

<b>As at 31 December 2014</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Financial assets				
Derivatives	-	397	-	397
Non-financial assets				
Land and buildings	-	-	38,241	38,241
	-	397	38,241	38,638
Financial Liabilities				
Derivatives	-	(273)	-	(273)
	-	124	38,241	38,365

The fair value of Level 2 financial instruments is determined by reference to observable inputs from markets not considered active. The forward foreign currency exchange contracts and interest rate swaps are priced with reference to an active yield or rate, but with an adjustment applied to reflect the timing of maturity dates. Level 3 assets include MaxiTRANS land and buildings reflecting the use of directly unobservable market inputs in their valuation.

Formal valuations were obtained at 30 June 2015 for all properties held in Australia with an updated indicative valuation obtained in relation to the New Zealand property as at 31 December 2015.

Valuations are conducted by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The following table presents the changes in Level 3 assets during the half year ended 31 December 2015 for recurring fair value measurements of non-financial assets.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

**8. Financial Instruments (cont'd)**

	<b>Land and Buildings \$'000</b>
<b>Opening balance as at 1 July 2015</b>	39,334
Fair value revaluation recognised in profit and loss	-
Additions	-
Disposals	-
Depreciation recognised in the statement of profit and loss	(264)
Exchange rate variance	532
<b>Closing balance as at 31 December 2015</b>	<b>39,602</b>

The following table provides quantitative information about the significant unobservable inputs used in Level 3 fair value measurements including the sensitivity of fair value measurement to changes in the noted unobservable inputs.

<b>Description</b>	<b>Fair Value \$'000</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Fair Value Movement Due to +/- Change in Unobservable Inputs \$'000</b>
Land and Buildings	39,602	Highest and best use to market participants	Derived assumptions including rents, yields and discount rates obtained from analysed transactions	-

**9. Events Subsequent to Reporting Date**

There have been no events subsequent to the reporting date which would have a material effect on the Group's interim financial statements at 31 December 2015.



\_\_\_\_\_  
Campbell Richards  
Company Secretary

Melbourne, 19 February 2016



## Independent auditor's review report to the members of MaxiTRANS Industries Limited

### Report on the financial report

We have reviewed the accompanying half-year financial report of MaxiTRANS Industries Limited, which comprises the consolidated statement of financial position as at 31 December

2015, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of MaxiTRANS Industries Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report. A review of a half-year financial report consists of making

enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of MaxiTRANS Industries Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Tony Romeo  
*Partner*

Melbourne

19 February 2016