Rules 4.2A.3

Appendix 4E

Preliminary final report

Introduced 1/1/2003

Name of entity

MAXITRANS INDUSTRIES LIMITED

ABN 58 006 797 173	Year Ended 30 June 2019

Results for announcement to the market
(All comparisons to year ended 30 June 2018)

				$A'000
Revenues from ordinary activities [1]	down	(13.9%)	to	352,537
Net profit for the financial year from ordinary activities attributable to members of MaxiTRANS Industries Limited	down	(175.7%)	to	(17,704)
Profit after tax excluding significant items attributable to members of MaxiTRANS Industries Limited (also referred to as Underlying profit) [2]	down	(47.7%)	to	4,809

	2019	2018
Basic earnings per share (cents per share) [1]	-9.57¢	5.44¢
Diluted earnings per share (cents per share) [1]	-9.57¢	5.44¢
Net Tangible Assets Backing (cents per ordinary share)	41.90¢	53.38¢

Dividends	Amount per security	Franked amount per security
Final dividend – Ordinary shares	nil	nil
Interim dividend – Ordinary shares	nil	nil
Previous corresponding period:		
Final dividend – Ordinary shares	1.50¢	1.50¢
Interim dividend – Ordinary shares	2.00¢	2.00¢
Record date for determining entitlements to the dividend.	N/A	

The information should be read in conjunction with the consolidated financial report, which is set out on pages 21 to 62.
Refer attached ASX announcement regarding commentary on revenue, earnings and business outlook.

[1] Based on the total result of the group including both the result of continued and discontinued operations

[2] Profit after tax excluding significant items is a non-IFRS financial measure, which has not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group.

REPORT OF THE DIRECTORS AND FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Financial Summary

			F2015	F2016	F2017	F2018	F2019
Revenue		$'000	329,165	340,179	340,072	409,312	352,537
EBITDA (excluding significant items)	(3)	$'000	16,247	19,219	21,439	20,931	14,157
EBIT (excluding significant items)	(3)	$'000	10,604	14,199	16,836	16,133	8,378
NPBT (excluding significant items)	(3)	$'000	8,079	11,840	14,520	13,659	5,687
NPAT (excluding significant items)	(3)(4)	$'000	6,303	8,752	10,695	10,077	4,809
Significant Items (net of tax)	(1)(2)(6)	$'000	(1,806)	(3,517)	–	–	(22,514)
NPAT – attributable to equity holders		$'000	4,497	5,235	10,695	10,077	(17,704)
Basic EPS	(5)	cents	2.43	2.83	5.78	5.44	-9.57
Ordinary dividends/share declared		cents	2	3	3.5	3.5	0.0
Depreciation		$'000	3,967	3,583	3,541	3,713	3,116
Amortisation – leased assets		$'000	550	662	562	586	212
Amortisation – intangibles		$'000	1,126	775	500	499	2,205
Capex additions		$'000	10,893	9,530	8,354	14,486	7,838
Operating cash flow		$'000	12,138	21,196	4,445	19,767	(6,098)
NTA		$'000	78,380	86,278	91,210	98,801	77,544
Net assets		$'000	120,612	123,337	128,727	135,819	121,841
Interest bearing liabilities		$'000	47,302	43,152	47,697	50,661	43,925
Finance costs		$'000	2,525	2,359	2,316	2,474	2,643
Total bank debt		$'000	45,196	41,465	46,214	49,500	43,500
Net debt/equity		%	36%	26%	32%	30%	26%
Interest cover (excluding significant items)		times	4.2	5.75	7.27	8.62	5.36

(1) Relates to impairment loss on AZMEB intangible assets of $2.58m pre-tax (disclosed above net of tax).

(2) Relates to the impairment loss on Lusty EMS and Hamelex White intangible assets of $4.398m pre-tax and the closure cost of the Bundaberg facility of $0.626m pre-tax (disclosed above net of tax).

(3) EBIT, EBITDA, NPBT and NPAT excluding significant items are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group by users.

(4) Also referred to as underlying net profit after tax attributable to MaxiTRANS equity holders.

(5) Includes both earnings from continued and discontinued operations.

(6) Relates to impairment loss on TRANSform ERP system of $18.82m, MTC loss on sale of business $1.56m, ERP system implementation expenses $1.30m pre-tax, acquisition and disposal costs $0.53m and restructuring (redundancy) costs $0.30m

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2019

Your directors submit their report together with the consolidated financial report of MaxiTRANS Industries Limited ACN 006 797 173 ("the Company") and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates for the year ended 30 June 2019 and the auditor's report thereon.

Directors

The names of directors in office at any time during or since the end of the financial year are:

Mr Robert H. Wylie	(Chairman since 30 June 2016)
Mr James R. Curtis	(Director since 1987 – Deputy Chairman since October 1994)
Mr Joseph Rizzo	(Director since June 2014)
Ms Samantha Hogg	(Director since April 2016)
Mr Dean Jenkins	(Managing Director since 1 March 2017)
Ms Mary Verschuer	(Director since January 2019)

Principal Activities

The principal activities of the Group during the year consisted of the design, manufacture, sale, service and repair of transport equipment and related components and spare parts. There were no changes in the nature of the Group's principal activities during the financial year.

Dividends

Nil dividends were declared at half year and full year.

State of Affairs

There were no significant changes in the state of affairs of the Group which occurred during the financial year.

Events Subsequent to Balance Date

There were no material events subsequent to balance date impacting on the financial statements.

Environmental Regulation

The Group's environmental obligations are regulated under Local, State and Federal Law. All environmental performance obligations are internally monitored and subjected to regular government agency audit and site inspections. The Group has a policy of complying with its environmental performance obligations. No breach of any environmental regulation or law has been notified to the Group during or since the year ended 30 June 2019.

Operating & Financial Review

REVIEW OF OPERATIONS

The Group operates two types of businesses: the Trailer Solutions business comprising the design, manufacture, sale and servicing of trailers in Australia and New Zealand; and the Parts business, MaxiPARTS, a trailer and truck parts business in Australia.

The Group finalised the sale of its interest in Maxi-CUBE Tong Composites Co Ltd ("MTC") in October 2018 at a loss of $1.6m (inclusive of costs). This disposal aligned with the Company's ongoing strategy in the Trailer Solutions business. In December 2018, the Group re-invested $5.9m of the funds from the MTC disposal to acquire an 80% share of Trout River Australia, a leading manufacturer and supplier of live bottom trailers in Australia. In March, the Group completed the sale and leaseback of the Richlands manufacturing facility for $12.5m and the Auckland manufacturing and service facility for NZ$17.2m (approx. $16.5m). Both arrangements freed up capital for the remaining business, with proceeds used to pay down of debt and invest in the further development of the MaxiTRANS facilities in both locations in line with our manufacturing strategy.

Parts Business - MaxiPARTS

The Parts business sells trailer and truck parts at both a wholesale and retail level in Australia.

The retail business sells parts to road transport operators as well as truck and trailer service and repair providers in Australia under the MaxiPARTS brand.

The wholesale business operates in Victoria, Queensland, New South Wales and Western Australia. Wholesale customers are typically truck dealers and trailer manufacturers. At the end of FY19, MaxiPARTS operated 20 wholesale sites and retail stores.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

The MaxiPARTS business experienced revenue and profit growth despite a slowing market. This growth was generated from the continued success of European aftermarket truck parts and North American aftermarket engine parts. The MaxiSTOCK customer inventory management system continued to be part of our fleet solutions offering and provided significant support to the growth of our large fleet customers, resulting in an increased share of this segment.

MaxiPARTS continues to operate as a key supplier to our manufacturing and service facilities, thus ensuring parts and component procurement is leveraging the Group's full scale, procurement and logistics capability.

Trailer Solutions Business

The Trailer Solutions business has a diverse portfolio of trailers with market leading brands and a reputation for high quality with customers. Sales of products through our dealer network, comprising both owned dealerships and licensed dealerships provides a full solution including after sales service and parts to customers.

Australia

The Australian trailer market softened in FY19, especially in the second half of the year, led by a decline in consumer confidence across the Australian economy. The Group's diverse product portfolio assisted in maintaining its strong market leading position and, excluding the sales from the FY18 Coles contract, achieving flat year-on-year unit volumes.

The revenue of the Australian Trailer business has decreased year-on-year as a result of the Coles contract combined with a negative sales mix and declining market. Despite the declining market in the second half, the Group has improved its gross margin by over 1% on a like for like basis.

The investment in the new Enterprise Resource Planning (ERP) system associated with Project TRANSform, our substantial program to replace our ageing and end-of-life IT systems continued during the year. TRANSform has now been deployed to the Manufacturing and Corporate offices. In line with the budget assumptions for FY19, short term inefficiencies were driven by the roll-out of the new ERP system within the Manufacturing operations, this lasted longer than expected. As we closed out FY19, the Group was seeing improvement in the underlying manufacturing operations, returning to a more normalised run-rate and an approximate 90% on-time delivery schedule of trailers. Over the next 3-5 years the Group expects to realise significant operating efficiencies from the new systems and processes.

New Zealand

The New Zealand underlying business performance improved year-on-year with better labour efficiencies and the FY18 warranty issues being put behind us. This was partially offset by a softening in trailer volumes with a number of our larger customers deferring their normal replenishment programs, instead allocating their capital investments to other projects.

The service business grew by 125% in FY19 from additional labour capacity in our Auckland facility coupled with a full year contribution from our Christchurch facility.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

FINANCIAL REVIEW

Sales

Total revenue decreased by 14% for the year to $352.5 million.

The Parts business recorded a 4.9% external revenue increase to finish FY19 with revenue of $106.9million and the Trailer business decreased external revenue by 19% to finish FY19 at $240.2 million.

Profit

With the decline in revenue for the year and the non-cash impairment of the TRANSform ERP intangible asset of $26.9million pre-tax (refer below), net loss after tax attributable to MaxiTRANS equity holders was $17.7 million in FY19.

Underlying earnings declined year on year by 30% with underlying EBITDA of $14.2 million.

The $38.0m carrying value of the ERP asset has been impaired to its estimated recoverable value less amortisation and future costs required to complete the rollout of $11.2m at 30 June 2019. It should be noted that:

- The ERP system is in-use and the directors expect that it will continue to deliver on-going benefits to the business broadly in-line with previous expectations;
- The impairment is non-cash and will not affect our existing debt covenants with the banks;
- The write-down is a one-off event and does not affect future earnings; and
- The Company is committed to the continued roll-out of the ERP across the remaining Sales, Service and Parts businesses and will continue to invest a further $3m completing this in FY20.

Cash Generation & Capital Management

Operating cash flow was negative $6.1 million in FY19 which represents a reduction of $25.9 million from the cash generated in FY18.

In addition to the aforementioned profit movement, the working capital has built up during FY19 resulting from increases in creditors and debtors with a marginal offset through a decrease in deferred revenue (i.e. customer deposits received in advance). Management have implemented processes in the second half of FY19 to bring down the working capital requirement on the business with a key focus on Inventory which dropped by $3.2 million in the second half.

During FY19, the Group disposed of the investment in China (MTC) for $6.2 million and two properties for $29.8 million pre-tax, allowing for the 80% investment in Trout River Australia for $5.9 million as well as the partial repayment of the syndicated debt.

Net debt at 30 June 2019 was reduced to $32m from $40m at 30 June 2018. This resulted in the Net Debt to Equity ratio at 30 June 2019 being reduced to 26%, down from 30% in FY18. Without the impairment of the ERP asset, the Net Debt to Equity ratio was reduced to 22%.

External Financing Facilities

During FY17, MaxiTRANS entered into debt facilities totalling $70 million through a syndicated facility with the Commonwealth Bank of Australia and HSBC Bank. The facility is used to fund ongoing business requirements and facilitate the funding of future growth opportunities. The original facility has both three years and five-year maturities, has a number of covenant requirements and is secured against property owned by the Group.

During FY19, the Group reduced the available facility to $61.75m. This facility is sufficient to support the business in its current form.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

RISK

MaxiTRANS recognises that risk is inherent in its business and that effective risk management is essential to protecting the business value and delivering the ongoing performance of the business.

The MaxiTRANS Audit & Risk Management Committee, a sub-committee of the Board, governs the framework and process for the identification and mitigation of material business risks.

Operational Risks

During FY19, the Group updated its risk management framework to address the latest requirements of global risk management standard ISO31000:2009. As part of this update, it developed a three-year risk management maturity roadmap and completed a comprehensive review of the risks across the Group.

The Group identifies risk based on likelihood and materiality. By understanding and mitigating key risks, we can:

- Increase the likelihood of achieving our strategic goals and objectives;
- Improve our decision making and capital allocation; and
- Enhance corporate governance and regulatory compliance.

The key operational risks identified are as follows:

- Health and Safety of our people
- Manufacturing process efficiency, IT systems, quality and delivery schedule;
- Trailer sales pipeline management, pricing and retention of key customers;
- MaxiPARTS key customer retention and competitiveness; and
- Finance and governance; management of working capital; an appropriate funding model; internal policies and procedures; changing regulatory environment and maintenance of proper licences to operate the business.

Management report to the Audit & Risk Management Committee on the ongoing status of activities in place to mitigate each of these risks.

Foreign Exchange & Commodities Risk

The Group has exposure to movements in the Australian dollar against the United States dollar, the Euro and the Chinese Yuan.

The Trailer Solutions business has exposures to these currencies arising from the purchase of raw materials and components consumed in the manufacture of trailers. The Trailer business also has significant exposure to commodity price fluctuations for steel and aluminium used in the manufacturing process. Similarly, the Parts business also has exposure to these currencies as a result of importing parts for sale.

The Group has a policy of only hedging foreign currency cash flow risk utilising forward contracts to protect against movements in short term committed expenditure.

The Group does not hedge against currency risk arising from the translation of foreign operations.

Depreciation of the Australian dollar may:

- adversely affect the operating cost base and therefore margins. The Group currently hedges short term committed foreign currency purchases. Some or all of this risk may be further mitigated by price management and efficiency improvement, however;
- may also benefit the Group insofar as it also acts as a potential barrier to entry for imports that may be uncompetitive in price against locally produced products.

Conversely, an appreciating Australian dollar against major currencies increases the risk of import competition. The specialised and customised nature of the trailer industry, together with demand for short delivery times, reduces this risk.

HEALTH & SAFETY

MaxiTRANS has continued to see outstanding results within Health Safety Environment (HSE) and wellbeing, with an all-time low total injury frequency rate of 21. This is a massive 48% decrease compared to last year and continues the trend of reductions in injuries since FY15. It is a commendable achievement and is helping towards achieving our core value of 'Send all our people home safely'.

The Board continues to see the safety of our people as a priority and currently monitors, and will continue to monitor, the Group's health and safety performance on a monthly basis.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

STRATEGY

MaxiTRANS has undertaken a refresh of its corporate strategy. The strategy focuses on the following pathways that will drive superior shareholder returns:

- Operational excellence that will ensure the Group's systems and processes deliver high quality, cost effective products and services;
- Leveraging its market leading position to optimise growth opportunities in the markets in which it operates;
- Leveraging its expertise to diversify into new markets, which given the current market conditions will be deferred by 12 months;
- Develop a comprehensive organisation development model to continue to recruit, develop and retain the best people; and
- Ensure our corporate image accurately reflects its market-leading position.

Business Transformation Program

The Group has committed to a significant investment in a business transformation program known as "Project TRANSform".

The program has been rolled out in Corporate and Manufacturing and will be completed across the Sales, Service and Parts business in FY20, replacing a number of outdated legacy IT systems with a single enterprise resource planning ("ERP") system and other integrated systems across the business. The ERP will allow the Group to streamline many business processes, thus creating operational efficiencies and as importantly mitigating business risk.

OUTLOOK

It is expected market conditions in the Australian trailer market will continue to be slow as consumer confidence and other macro-economic drivers remain soft and operators continue to age their fleets. This is likely to affect performance in both the Australian Trailer business as well as the MaxiPARTS parts business.

In the short term, order intake remains consistent, in the food and grocery sectors, benefitting our Maxi-CUBE products, whilst the general freight and tipper order intake is lower than the last financial year. These product lines are directly affected by the broader economic conditions, the crop outlook and the timing of commencement of new housing and infrastructure projects.

The significant investment in the new IT systems is substantially complete and is expected to be completed over the next financial year. This will be a key enabler to driving operational efficiency through the business resulting in strong operating cashflow in future years.

The Group continues to execute upon its corporate strategy to not only improve the operational efficiency in our current business but also to pursue growth opportunities in our existing markets, looking to identify new market opportunities, all with the aim of improving shareholder returns. Underlying this will be a continued focus on improving our safety performance to not only ensure we send our people home safely but that MaxiTRANS' products design also send our customer's people home safely.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Information of Directors

Mr. Robert H. Wylie	Chairman, Independent Non-Executive, (appointed 30 June 2016), Age 69
Qualifications & Experience:	Fellow of the Institute of Chartered Accountants in Australia, a member of the Institute of Chartered Accountants of Scotland and a Fellow of the Australian Institute of Company Directors. Appointed Director in September 2008. Currently a Director of The Walter + Eliza Hall Institute of Medical Research, Mr. Wylie has wide ranging experience in professional service in a variety of management roles with Deloitte. He has previously held senior positions with Deloitte Touche USA LLP. Prior to this, he was Deputy Managing Partner Asia Pacific. This followed a long career with Deloitte Australia, including eight years as National Chairman. Mr. Wylie also served on the Global Board of Directors and the Governance Committee of Deloitte Touche Tohmatsu and the Global Board of Directors of Deloitte Consulting. Mr Wylie is also a former National President of the Institute of Chartered Accountants in Australia. Formerly a Director of Elders Limited from November 2009 to August 2012 and Director of both Centro Properties Limited and CPT Manager Limited from October 2008 to December 2011.
Special Responsibilities:	Chairman of the Nomination Committee. Member of the Audit & Risk Management Committee and Remuneration & Human Resources Committee.
Interest in Shares:	121,904 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
Mr. Dean S Jenkins	Managing Director, Executive, Age 47
Qualifications & Experience:	Managing Director since 1 March 2017. Bachelor of Engineering (Aero) Honours and a Graduate of the Australian Institute of Company Directors. Most recently Chief Operating Officer & Executive Director of the Weir Group PLC, one of the world's leading engineering businesses. Prior to the Weir Group, Mr Jenkins was CEO of UGL Rail from 2008 to 2010, Australia's largest supplier and maintainer of rolling stock. He also spent 11 years in senior leadership roles with QANTAS, culminating in the role of Group General Manager – Engineering, Material and Logistics.
Interest in Shares:	287,000 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
Mr James R. Curtis	Deputy Chairman, Non-Executive, Age 84
Qualifications & Experience:	Appointed Deputy Chairman in 1994. Mr. Curtis was one of the founders of the Group in 1972. He has over 50 years' experience in the transport equipment industry and is a pioneer of fibreglass road transport equipment in Australia.
Special Responsibilities:	Member of Audit & Risk Management Committee, Remuneration & Human Resources Committee and Nomination Committee.
Interest in Shares:	25,547,972 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Mr. Joseph Rizzo	Independent Non-Executive Director, Age 63
Qualifications & Experience:	Bachelor of Economics (Monash University), Executive Program (University of Michigan), Graduate of the Australian Institute of Company Directors (GAICD). Appointed Non-Executive Director June 2014. Formerly Managing Director of PACCAR Australia Pty Ltd with 35 years' experience in the road transport equipment manufacturing industry. Mr Rizzo is a director of AME Systems (Vic) Pty Ltd, an electrical solutions provider with manufacturing facilities in Australia and Asia. Mr. Rizzo has a wide knowledge of the industry generally along with strong manufacturing, sales and marketing experience in a directly related field. Former Vice President of the Truck Industry Council.
Special Responsibilities:	Chairman of the Remuneration & Human Resources Committee and Member of the Audit & Risk Management Committee and Nomination Committee.
Interest in Shares:	180,711 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
Ms. Samantha Hogg	Independent Non-Executive Director, Age 52
Qualifications & Experience:	Bachelor of Commerce (Melbourne University) and a Graduate of the Australian Institute of Company Directors. Appointed non-executive director April 2016. Currently the Chair of Tasmanian Irrigation and TasRail and a director of Hydro Tasmania, Australian Renewable Energy Agency and Infrastructure Australia. Ms Hogg has previously held senior executive finance roles at the Transurban Group, Vale Inco and WMC Resources.
Special Responsibilities:	Chairperson of the Audit and Risk Management Committee and Member of the Remuneration & Human Resources Committee and Nomination Committee.
Interest in Shares:	Nil ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
Ms. Mary Verschuer	Independent Non-Executive Director, Age 58
Qualifications & Experience:	Master of Business Administration (Macquarie University), Bachelor of Applied Science (Chemistry) (UTS) and a Fellow of the Australian Institute of Company Directors. Appointed non-executive director January 2019. Currently the President of The Infants' Home, a provider of integrated early childhood education, family day care, early intervention and health services, and a Member of the Advisory Board of TAFE NSW (Sydney Region). Ms Verschuer was previously a non-executive director of THC Global Group Limited and Nuplex Industries Limited (now part of the Allnex group), Ms Verschuer has over 25 years of global senior management experience across a range of industries, including leading the Minerals and Metals business for Schenck Process and the Asian business for Finnish listed packaging business Huhtamaki. In those roles, Ms Verschuer had responsibility for manufacturing, supply chain and sales operations in diverse geographies and cultures.
Special Responsibilities:	Member of the Audit and Risk Management Committee, Remuneration & Human Resources Committee and Nomination Committee.
Interest in Shares:	63,000 ordinary shares beneficially held
Options over Ordinary Shares:	Nil

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Company Secretary

Ms. Amanda Jones

LLB.(Hons), B.A, FGIA, GAICD
Appointed to the position of Company Secretary on 21 June 2019.

Details of attendances by directors at Board and committee meetings during the year are as follows:

	Directors' Meetings		Audit & Risk Management Committee		Remuneration & Human Resources Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert Wylie	16	16	4	4	3	3	1	1
James Curtis	16	15	4	4	3	3	1	1
Joseph Rizzo	16	15	4	3	3	3	1	1
Samantha Hogg	16	16	4	4	3	3	1	1
Mary Verschuer	9	9	2	2	2	2	-	-
Dean Jenkins	16	16	4	4	3	3	-	-

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report

Information contained in the Remuneration Report is audited.

Remuneration levels for directors, secretaries and executives of the Company, and relevant group executives of the Group ("the directors and senior executives") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration of non-executive directors, the Managing Director and senior executives having regard to labour market trends in comparative companies.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The remuneration structures take into account:

- The capability and experience of the directors and senior executives;
- The directors' and senior executives' ability to control the relevant area of responsibility's' performance;
- The Group's performance including the Group's Return on Invested Capital; and
- The amount of incentives within each directors and senior executives remuneration.

The Directors continue to be focussed on ensuring that MaxiTRANS provides a remuneration structure which genuinely attracts, motivates and retains executive talent and aligns the interests of management and shareholders.

The following is a summary of the key elements of the structure of remuneration for executive directors and senior management:

- the structure of executive director and senior management remuneration includes a mix of fixed and performance-linked components;
- the mix of total remuneration between fixed and performance-linked components to average 60% and 40% respectively;
- the performance-linked component of total remuneration comprises a Short Term Incentive ('STI') scheme and a Long Term Incentive ('LTI') scheme; and
- the mix of performance-linked remuneration (as a percentage of total remuneration) between STI and LTI components to average 20% and 20% respectively. In the case of the Managing Director, the mix of performance linked remuneration (as a percentage of total remuneration) between STI and LTI components is 15% and 25% respectively.

The Directors are of the view that the remuneration structure supports alignment between the Group and shareholders.

Each of the components of total remuneration for executive directors and senior management are described in more detail below.

Fixed remuneration

Fixed remuneration consists of base remuneration, including any FBT charges related to employee benefits which have been salary sacrificed, as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by both the Remuneration Committee and the Managing Director through a process that considers individual, relevant area of responsibility and overall performance of the Group. A senior executive's remuneration is also reviewed on promotion.

Performance-linked remuneration

Performance linked remuneration includes both STIs and LTIs and is designed to reward executive directors and senior executives for meeting or exceeding specified objectives. The STI includes an "at risk" incentive provided in the form of cash.

The LTI is provided in the form of Performance Rights.

The MaxiTRANS Performance Rights Plan ('PRP') was approved by the shareholders at the Annual General Meeting held on 15 October 2010.

STI

Each year Goals are set for senior executives and executive directors. The goals generally include measures relating to the Group and the relevant area of responsibility. Goals and the respective weightings change year on year according to Company priorities, but they generally relate to Financials, People, Safety and Strategy. The Board reviews and approves goals annually.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Whereas, the key financial performance objectives for the Managing Director and the Chief Financial Officer are "net profit after tax" and cash flow, the key financial performance objectives for the other executives are "net profit after tax" and "earnings before interest and tax" compared to budgeted amounts. The non-financial objectives particularly those relating to strategy and associated measures vary by position. However, other non- financial objectives like safety and people are consistent across the group.

All these objectives are created as part of our new Performance Development Process whereby at the end of each financial year the individual is reviewed against the actual performance of the Group and of the relevant area of responsibility. The outcome of that review is calibrated across the group to ensure consistency and objectivity. Merit increases and STI payment eligibility are based on these calibrated performance outcomes.

In line with the Group's philosophy of rewarding employees for performance, STIs based on the achievement of specific goals are available to select senior members of staff other senior than executives who have a role that has a significant impact on the achievement of the strategy.

LTI

The LTI scheme available to executive directors and to senior management is based on the annual grant of a specified number of Performance Rights which can be converted by executive directors and senior management into a specified number of ordinary shares in the Company.

Grants are calculated by using a face value allocation methodology – i.e. by reference to the volume weighted average MaxiTRANS share price ("VWAP"). Under this approach, the number of units is calculated as follows:

Number of units = Intended LTI Value / Unit Value

Performance Rights will vest and will be able to be exercised upon the achievement of specified long term performance targets in a period not less than three years after the date upon which the Performance Rights are granted to executive directors and senior management provided they remain in the employment of the Group throughout that period.

The Board has set a long-term incentive target for management to achieve an increase in the Group's Return on Invested Capital ('ROIC').

If the minimum ROIC target is reached, 50% of the Performance Rights will vest. The percentage of Performance Rights that vest increases on a sliding scale once the minimum target is reached. 100% of the Performance Rights will vest where the target is fully achieved or exceeded. No director or senior executive has entered a hedging arrangement with respect to the value of unvested Performance Rights.

Other benefits

Non-executive directors are not entitled to receive additional benefits as a non-cash benefit. Non-executive directors may receive a component of their directors' fees as superannuation.

Senior executives can receive additional benefits as non-cash benefits, as part of the terms and conditions of their appointment. Other benefits typically include payment of superannuation, motor vehicles, telephone expenses and allowances, and where applicable, the Group pays fringe benefits tax on these benefits.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee has regard to the indices highlighted in the table on page 15. Net profit after tax and net profit before tax are considered as two of the financial performance targets in setting the STI.

Employment agreements

It is the Group's policy that Employment contracts for executive directors and senior executives be unlimited in term but capable of termination on up to six months' notice and that the Group retains the right to terminate the contract immediately, by making payment of up to twelve months' pay in lieu of notice.

The Group has entered into employment contracts with each executive director and senior executive that entitle those executives to receive, on termination of employment, their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The employment contract outlines the components of remuneration paid to the executive directors and senior executives but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy including performance related objectives if applicable.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Mr Dean Jenkins, Managing Director, has a contract of employment with the Company dated 1 March 2017.

The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Board and Managing Director will early in each financial year, consult and agree objectives for achievement during that year. The employment contract can be terminated either by the Company or Mr Jenkins providing six months' notice. The Company may make a payment in lieu of notice of six months, equal to base salary, motor vehicle allowance and superannuation. This payment represented market practice at the time the terms were agreed. The Managing Director has no entitlement to a termination payment in the event of removal for misconduct or breach of any material terms of his contract of employment.

Mr Tim Bradfield, Chief Financial Officer, has a contract of employment with the Company dated 6 March 2019.

The contract can be terminated either by the Company or Mr Bradfield providing three months' notice. The Company may make a payment in lieu of notice of three months, equal to base salary and superannuation.

Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2012 AGM, is not to exceed $600,000 per annum and directors' fees are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Directors' base fees (inclusive of superannuation) for the year were $75,000 per annum. The Chairperson received $140,000 per annum. Non-executive directors do not receive performance related remuneration and are not entitled to either an STI or LTI. Directors' fees cover all main board activities and membership or chairing of all committees. Non-executive directors are not entitled to any retirement benefits.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the Group:

			Primary			Post	Equity	Other	Total	Proportion of rem performance related	Value of PRs as proportion of rem
			Salary & fees	STI (i)	Non-cash benefits	Super	PRs (ii)				
		Year	$	$	$	$	$	$	$	%	%
DIRECTORS											
Non-executive											
Mr R Wylie Chairman		2019	127,854	-	-	12,146	-	-	140,000	0.0%	0.0%
		2018	127,854	-	-	12,146	-	-	140,000	0.0%	0.0%
Mr J Curtis		2019	68,493	-	-	6,507	-	-	75,000	0.0%	0.0%
		2018	68,493	-	-	6,507	-	-	75,000	0.0%	0.0%
Mr J Rizzo		2019	68,493	-	-	6,507	-	-	75,000	0.0%	0.0%
		2018	68,493	-	-	6,507	-	-	75,000	0.0%	0.0%
Ms S Hogg		2019	68,493	-	-	6,507	-	-	75,000	0.0%	0.0%
		2018	68,493	-	-	6,507	-	-	75,000	0.0%	0.0%
Ms M Verschuer	(iii)	2019	30,119	-	-	2,861	-	-	32,981	0.0%	0.0%
		2018	-	-	-	-	-	-	-	0.0%	0.0%
Executive											
Mr D Jenkins Managing Director		2019	690,594	-	678	69,406	(3,862)	40,000	796,816	-0.5%	-0.5%
		2018	690,594	-	150	75,132	36,460	100,274	902,610	4.0%	4.0%
Mr M Brockhoff Former Managing Director		2019	-	-	-	-	-	-	-	0.0%	0.0%
	(iv)	2018	–	85,251	726	23,199	-	-	109,176	78.1%	0.0%
EXECUTIVES											
Mr C Richards Former Chief Financial Officer and Company Secretary	(v)	2019	165,333	33,987	-	27,169	(38,449)	148,366	336,405	-1.3%	-11.4%
		2018	339,868	41,447	-	44,297	1,138	84,967	511,718	8.3%	0.2%
Mr T Bradfield Chief Financial Officer	(vi)	2019	113,974	-	-	10,828	-	-	124,802	0.0%	0.0%
		2018	-	-	-	-	-	-	-	0.0%	0.0%
Ms J De Martino Former Chief Financial Officer	(vii)	2019	138,930	-	1,468	13,198	-	2,074	155,670	0.0%	0.0%
		2018	-	-	-	-	-	-	-	0.0%	0.0%
Mr A McKenzie Group General Manager – Sales and Marketing		2019	304,027	37,291	-	34,515	(40,023)	22,000	357,811	-0.8%	-11.2%
		2018	297,635	19,178	5,201	32,187	(27)	22,000	376,173	5.1%	0.0%
Mr P Loimaranta Group General Manager – International		2019	288,554	20,414	203	31,756	(38,755)	25,305	327,477	-5.6%	-11.8%
		2018	280,899	26,942	-	31,649	1,016	25,305	365,811	7.6%	0.3%

Mr A Roder Former Group General		2019	-	-	-	-	-	-	-	0.0%	0.0%
Manager – Manufacturing	(viii)	2018	162,215	11,687	5,201	16,521	(15,169)	2,547	183,000	-1.9%	-8.3%
Mr T Negus Group General		2019	372,603	73,059	-	42,338	13,302	-	501,302	17.2%	2.7%
Manager – Manufacturing	(ix)	2018	183,117	-	-	17,396	-	-	200,513	0.0%	0.0%
Mr J O'Brien General	(xi)	2019	238,557	46,880	-	32,880	(6,660)	60,667	372,323	10.8%	-1.8%
Manager – MaxiParts	(x)	2018	233,348	28,484	-	27,939	6,660	32,265	328,696	10.7%	2.0%

Notes in relation to table of directors' and executive officers' remuneration

(i) STI entitlement is 15% of total remuneration for each of the individuals listed above. The short-term cash incentives disclosed above are for performance for the 30 June 2018 financial year using the criteria set out in the Remuneration Report. The amounts were determined after performance reviews were completed.

(ii) Performance rights (PRs) grants are calculated by using a face value allocation methodology, i.e. by reference to the volume weighted average MaxiTRANS share price ("VWAP") and allocated to each reporting period evenly over the period from grant date to vesting date, adjusted for any changes in the probability of performance and service targets being achieved. The value disclosed is the portion of the fair value recognised in this reporting period. Further details in respect of PRs are contained on the following page of the Remuneration Report. Details of PRs vested during the period are contained in Note 15 – Share Based Payments. During the period it was determined that the performance and service conditions of the 2016 and 2017 PR scheme will not be met. As a result, the total amount recognised for services received over the life of the PR scheme was reversed.

(iii) Ms M Verschuer was appointed on the 24 January 2019.

(iv) Mr M Brockhoff retired effective 31 July 2017. All PRs held by Mr Brockhoff at that time were cancelled.

(v) Mr C Richards resigned effective 21 December 2018. All PRs held by Mr Richards at that time were cancelled.

(vi) Mr T Bradfield was appointed on the 6 March 2019.

(vii) Ms J De Martino was appointed on the 8 October 2019 and resigned effective 15 March 2019. All PRs held by Ms De Martino at that time were cancelled.

(viii) Mr A Roder resigned on 12 January 2018. All PR's held by Mr Roder at that time were cancelled.

(ix) Mr T Negus was appointed on 1 January 2018.

(x) Mr J O'Brien was appointed to the role of General Manager – MaxiParts on 1 November 2017. From 1 July 2017 to the date of Mr O'Brien's appointment, he was Acting General Manager – MaxiParts.

(xi) Mr J O'Brien has resigned effective 2 August 2019 (resignation accepted prior to 30 June 2019). All PR's held by Mr O'Brien at that time were cancelled by 30 June 2019.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Analysis of share-based payments granted as remuneration

Details of the vesting profile of the PRs granted as remuneration to each of the Company directors and other key management personnel of the Group during the reporting period are detailed below.

	PRs granted (no.)	Grant date	Fair value at grant date ($)	Vesting date	Expiry date
Directors					
Mr D Jenkins	630,119	19-Oct-18	0.4391	30-Jun-21	01-Feb-26
Consolidated entity executives					
Mr T Negus	257,089	19-Oct-18	0.4391	30-Jun-21	01-Feb-26
Mr P Loimaranta	216,558	19-Oct-18	0.4391	30-Jun-21	01-Feb-26
Mr A McKenzie	224,994	19-Oct-18	0.4391	30-Jun-21	01-Feb-26
Mr J O'Brien (2)	179,962	19-Oct-18	0.4391	30-Jun-21	01-Feb-26
Ms J De Martino (1)	234,594	19-Oct-18	0.4391	30-Jun-21	01-Feb-26

(1) On 15 March 2019, the date when Ms De Martino resigned, Ms De Martino's PRs were cancelled.
(2) Mr J O'Brien has resigned effective 2 August 2019 (resignation accepted prior to 30 June 2019). All PR's held by Mr O'Brien at that time were cancelled by 30 June 2019

Subject to the terms of the Performance Rights Plan, all PRs expire on the earlier of their expiry date or termination of the individual's employment. For the PRs to vest, holders must continue to be in the employment of the Group until vesting date. The PRs vest three years after the date they were issued, subject to the satisfaction of performance hurdles. PRs may only be exercised during a four year period after they have vested. Details of the performance criteria are included in the discussion on LTIs.

The estimated maximum value of PRs on issue for future years is the current share price. This is subject to future movements in the share price.

Unissued shares under rights

At the date of this report there are no unissued ordinary shares of the Company relating to vested PRs.

CONSOLIDATED RESULTS AND SHAREHOLDER RETURNS	2019	2018	2017	2016	2015
Net profit/(loss) attributable to equity holders of the parent	($17,704,121)	$10,076,812	$10,694,940	$5,235,234	$4,496,951
Basic EPS(1)	(9.57¢)	5.44¢	5.78¢	2.83¢	2.43¢
Dividends declared	-	$6,477,648	$6,477,648	$5,552,270	$3,701,513
Dividends declared per share	0.0¢	3.50¢	3.50¢	3.00¢	2.00¢
Share price	29.0¢	51.0¢	67.0¢	45.0¢	39.5¢

(1) Includes both continued and discontinued earnings.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Directors' and executives' holdings of shares

For key management personnel, the movements in shares held directly, indirectly or beneficially at the reporting date in the Company are set out below:

2019 Shares				
MaxiTRANS Industries Limited	**Held at 1 July 2018**	**Purchases**	**Sales**	**Held at 30 June 2019**
Directors:				
Mr D Jenkins	287,000	-	-	287,000
Mr J Curtis	25,547,972	-	-	25,547,972
Mr R Wylie	121,904	-	-	121,904
Mr J Rizzo	90,711	90,000	-	180,711
Ms M Verschuer		63,000	-	63,000
Executives:				
Mr P Loimaranta	258,553	-	-	258,553
Mr T Negus		50,000	-	50,000

Ms Hogg, Mr Bradfield, Mr McKenzie and Mr O'Brien do not hold any shares as at 30 June 2019.

2018 Shares				
MaxiTRANS Industries Limited	**Held at 1 July 2017**	**Purchases**	**Sales**	**Held at 30 June 2018**
Directors:				
Mr D Jenkins	-	287,000	-	287,000
Mr J Curtis	25,547,972	-	-	25,547,972
Mr R Wylie	21,364	100,540	-	121,904
Mr J Rizzo	90,711	-	-	90,711
Executives:				
Mr P Loimaranta	260,716	-	(2,163)	258,553

Ms Hogg, Mr Negus, Mr McKenzie and Mr O'Brien do not hold any shares as at 30 June 2018.

End of Remuneration Report

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Audit and Risk Management Committee

As at the date of this report, the Company had an Audit and Risk Management Committee of the Board of Directors that met four times during the year. The details of the functions and memberships of the committees of the Board are presented in the Corporate Governance Statement.

Indemnity

With the exception of the matters noted below, the Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

(i) Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

(ii) Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

The Group has entered into a contract of insurance in relation to the indemnity of the Group's directors and officers. The insurance policy relates to claims for damages, judgements, settlements or costs in respect of wrongful acts committed by directors or officers in their capacity as directors or officers but excluding wilful, dishonest, fraudulent, criminal or malicious acts or omissions by any director or officer. The directors indemnified are those existing at the date of this report. The officers indemnified include each full-time executive officer and secretary.

During the financial year, the Group paid premiums of $58,852 (2018: $58,852) in respect of directors' and officers' liability insurance contracts.

Clause 101 of the Company's constitution contains indemnities for officers of the Company. The Company has entered into a deed of protection with each of the directors to:

(i) Indemnify the director to ensure that the director will have the benefit of the indemnities after the director ceases being a director of any group company;

(ii) Insure the director against certain liabilities after the director ceases to be a director of any group company; and

(iii) Provide the director with access to the books of group companies.

Share Options

No options were granted to any of the directors or key management personnel of the Company or Group as part of their remuneration during or since the end of the financial year.

Shares Issued on the Exercise of Options

No options were exercised during the financial year.

Further details on the Group's Performance Rights Plan are detailed in Note 15 to the consolidated financial statements and in the Remuneration Report.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Non-Audit Services

During the year, KPMG, the Company's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included in, and forms part of this Report of the Directors on page 19.

Details of the amounts paid to the auditor of the Company, KPMG, for audit and non-audit services provided during the year are set out below.

Remuneration of auditor	Consolidated 2019 $	2018 $
KPMG Australia:		
– auditing and reviewing the financial statements	456,212	292,830
– other services (taxation and advisory)	18,836	188,254
	475,048	**481,084**
Overseas KPMG Firms:		
– auditing and reviewing financial statements	53,940	86,849
– other services (taxation, advisory and due diligence)	10,015	9,554
	63,955	**96,403**
Total auditor remuneration	**539,003**	**577,487**

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

REPORT OF THE DIRECTORS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Rounding of Accounts

The parent entity has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instruments 2016/191 and, accordingly, amounts in the financial statements and Report of the Directors 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.

Mr. Robert H Wylie, Director

Mr. Dean Stuart Jenkins, Director

Dated this 23rd day of August 2019

KPMG

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 audit of MaxiTRANS Industries Limited for the financial year ended 30 June 2019 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Suzanne Bell
Partner
Melbourne
23 August 2019

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

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

(a) the consolidated financial statements and notes as set out on pages 21 to 62, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the Group entities identified in Note 18 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order (2016/785).

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

RH Wylie

Mr. Robert H Wylie, Director

Mr. Dean Stuart Jenkins, Director

Dated this 23rd day of August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Continued Operations			
Sale of goods	2(a)	329,915	375,087
Rendering of services	2(a)	17,187	14,907
Changes in inventories of finished goods and work in progress		5,616	2,578
Raw materials and consumables used		(211,206)	(241,132)
Interest income		48	58
Other income – sale of assets		202	72
Employee and contract labour expenses	2(b)	(98,168)	(100,976)
Warranty expenses		(3,014)	(3,770)
Depreciation and amortisation expenses		(5,533)	(4,073)
Finance costs	9	(2,643)	(2,328)
Other expenses		(31,806)	(27,750)
Impairment loss on intangible assets	7	(26,882)	-
Share of net profits of associates accounted for using the equity method	21	2,058	1,404
(Loss)/Profit before income tax		(24,226)	14,077
Income tax benefit/(expense)	3(a)	8,092	(3,734)
(Loss)/Profit from continued operations		**(16,134)**	**10,343**
Discontinued Operation			
(Loss)/Profit from discontinued operation, net of tax	27	(2)	(332)
(Loss)/Profit on disposal of subsidiary, net of tax	27	(1,568)	
(Loss)/Profit for the year		**(17,704)**	**10,011**
(Loss) attributable to:			
Equity holders of the Company		(17,704)	10,077
Non-controlling interests		-	(66)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
(Loss)/Profit for the year		(17,704)	10,011
Other comprehensive income			
Items that may subsequently be re-classified to profit or loss:			
Net exchange difference on translation of financial statements of foreign operations		917	850
Cashflow hedge reserve		(342)	(35)
Items that will never be re-classified to profit or loss:			
Revaluation of land and buildings		12,690	3,901
Related income tax		(3,807)	(1,136)
Other comprehensive income for the year, net of tax		9,458	3,580
Total comprehensive income for the year		**(8,246)**	**13,591**
Total comprehensive income attributable to: Equity holders of the Company		(8,233)	13,573
Non-controlling interests		(13)	18
Earnings / (Loss) per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)		-9.57	5.44
Diluted earnings per share (cents per share)		-9.57	5.44
Earnings / (Loss) per share from continued operations:			
Basic earnings per share (cents per share)		-8.72	5.58
Diluted earnings per share (cents per share)		-8.72	5.58

The consolidated statement of profit or loss and consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
		Consolidated	
FOR THE YEAR ENDED 30 JUNE 2019	**Note**	**2019 $'000**	**2018 $'000**
Current Assets			
Cash and cash equivalents		11,925	9,692
Trade and other receivables	4	42,381	39,120
Inventories	5	59,267	57,700
Current tax assets	3(c)	768	2,237
Assets held for sale		-	19,813
Other		3,779	1,584
Total Current Assets		**118,120**	**130,146**
Non-Current Assets			
Investment in associate		11,356	4,826
Property, plant and equipment	6	41,680	93,733
Intangible assets	7	44,297	34,265
Deferred tax assets	3(b)	10,858	-
Other		-	1,249
Total Non-Current Assets		**108,191**	**134,073**
Total Assets		**226,311**	**264,219**
Current Liabilities			
Trade and other payables	8	44,635	47,327
Other Liabilities		3,133	4,090
Interest bearing loans and borrowings	9	255	752
Current tax liability	3(c)	-	-
Provisions	10	11,743	13,126
Liabilities held for sale		-	9,550
Total Current Liabilities		**59,766**	**74,845**
Non-Current Liabilities			
Interest bearing loans and borrowings	9	43,670	49,908
Deferred tax liabilities	3(b)	-	2,409
Provisions	10	1,034	1,141
Other		-	97
Total Non-Current Liabilities		**44,704**	**53,555**
Total Liabilities		**104,470**	**128,400**
Net Assets		**121,841**	**135,819**
Equity			
Issued capital	11	56,386	56,386
Reserves		15,278	20,998
Retained earnings		50,177	57,097
Equity attributable to equity holders of the Company		**121,841**	**134,481**
Non-controlling interest		**-**	**1,338**
Total Equity		**121,841**	**135,819**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Issued capital $'000	Asset revaluation reserve1 $'000	Retained earnings $'000	Non-controlling interest1 $'000	Other reserves2 $'000	Total $'000
Balance at 1 July 2018		56,386	17,886	57,097	1,338	3,112	135,819
Comprehensive income for the year							
Loss for the year		-	-	(17,704)	-	-	(17,704)
Other comprehensive income		-	-	-	-	-	-
Net exchange differences on translation of financial statements of foreign operations		-	-	-	(13)	930	917
Revaluation of land and buildings		-	8,883	-	-	-	8,883
Cashflow hedge reserve		-	-	-	-	(342)	(342)
Total comprehensive income for the year		**-**	**8,883**	**(17,704)**	**(13)**	**588**	**(8,246)**
Transactions with owners recorded directly in equity							
Dividends to equity holders	13	-	-	(2,776)	-	-	(2,776)
Final dividend to previous minority shareholder		-	-	-	-	-	-
De-recognition of subsidiary		-	-	-	(1,325)	(1,124)	(2,449)
Total transactions with owners		**-**	**-**	**(2,776)**	**(1,325)**	**(1,124)**	**(5,225)**
Transfer to retained earnings on disposal of property		-	(13,805)	13,805	-	-	0
Share-based payment transactions	15	-	-	-	-	(262)	(262)
Other		-	-	(245)	-	-	(245)
Balance at 30 June 2019		**56,386**	**12,964**	**50,177**	**-**	**2,314**	**121,841**

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

2. Other reserves
Other reserves comprise 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 financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Issued capital $'000	Asset revaluation reserve1 $'000	Retained earnings $'000	Non-controlling interest $'000	Other reserves2 $'000	Total $'000
Balance at 1 July 2017		56,386	15,121	53,539	1,321	2,360	128,727
Comprehensive income for the year							
Profit for the year		-	-	10,077	(66)	-	10,011
Other comprehensive income							-
Net exchange differences on translation of financial statements of foreign operations		-	-	-	85	765	850
Revaluation of land and buildings		-	2,765	-	-	-	2,765
Other sundry movements		-	-	-	-	(35)	(35)
Total comprehensive income for the year		**-**	**2,765**	**10,077**	**19**	**730**	**13,591**
Transactions with owners recorded directly in equity							
Dividends to equity holders	13	-	-	(6,478)	-	-	(6,478)
Final dividend to previous minority shareholder		-	-	(12)	-	-	(12)
Final payment for 20% minority share purchased on 30 June 2017	19	-	-	(31)	-	-	(31)
Share-based payment transactions	15	-	-	-	-	22	22
Other sundry movements		-	-	2	(2)	-	-
Total transactions with owners		**-**	**-**	**(6,519)**	**(2)**	**22**	**(6,499)**
Balance at 30 June 2018		**56,386**	**17,886**	**57,097**	**1,338**	**3,112**	**135,819**

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 comprise 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 financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED STATEMENT OF CASH FLOWS			
		Consolidated	
	Note	2019	2018
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		409,839	450,322
Payments to suppliers and employees		(411,384)	(422,870)
Interest received		48	58
Interest and other costs of finance paid		(2,594)	(2,474)
Income tax paid		(2,007)	(5,269)
Net cash (used in) /provided by operating activities	22	**(6,098)**	**19,767**
Cash flows from investing activities			
Payments for property, plant and equipment		(7,867)	(14,485)
Payments for intangibles		(5,858)	-
Dividends received		1,408	1,020
Proceeds from disposal of subsidiary (net of cash and costs)		6,141	-
Acquisition of Investment in Associate		(5,880)	(31)
Proceeds from sale of property, plant and equipment		29,835	130
Net cash provided by /(used in) investing activities		**17,779**	**(13,366)**
Cash flows from financing activities			
Repayment of borrowings		(7,719)	(3,349)
Proceeds from borrowings		1,709	9,610
Payment of finance lease liabilities		(662)	(230)
Dividends paid	13	(2,776)	(6,490)
Net cash used in financing activities		**(9,448)**	**(459)**
Net increase in cash		2,233	5,942
Cash and cash equivalents at beginning of year		9,692	6,140
*Less: cash held for sale		-	(2,390)
Cash and cash equivalents at end of year		**11,925**	**9,692**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

MaxiTRANS Industries Limited (the 'Company') is a company domiciled in Australia and its registered office is 346 Boundary Road, Derrimut, Victoria. The consolidated financial statements of MaxiTRANS Industries Limited as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in joint ventures and jointly controlled entities. The Group is a for-profit entity.

Basis of preparation

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. The financial report also complies with International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

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 by each entity in the Group and are consistent with those of the previous year. The financial report contains comparative information that has been adjusted to align with the presentation of the current period, where necessary.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors Reports) Instruments 2016/191 and, accordingly, amounts in the financial statements and Report of the Directors have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

The financial report was approved by the board of directors on 23 August 2019.

The relevant Australian Accounting Standards and Interpretations that became effective and that were early adopted by the Group since 30 June 2018 were:

- AASB 9 Financial Instrument. Mandatory for years beginning on or after 1 January 2018. This standard replaces AASB139.
- AASB 15 Revenue from Contracts with Customers. Mandatory for years beginning on or after 1 January 2018. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes

Accounting policies

The following is a summary of the material accounting policies adopted by the Group 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 its subsidiaries. A subsidiary is any entity controlled by MaxiTRANS Industries Limited or any of its subsidiaries. Control exists where MaxiTRANS Industries Limited is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is contained in Note 18 to the financial statements.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Where subsidiaries have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group 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 Group'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 reporting date are translated into Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss. 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 into 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, are translated into Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

(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 price.

(d) Property, plant and equipment

(i) Owned assets

Land and buildings

Property whose fair value can be measured reliably is 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. Fair value of land and buildings is assessed at each reporting period.

Independent valuations were obtained during the financial year ending 30 June 2019 in relation to all land and buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

These were considered by the directors in establishing revaluation amounts.

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 Asset 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 Asset 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. On realisation of any amounts contained in the Asset Realisation Reserve, the balance is transferred to retained earnings.

Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (i)). 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.

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 for which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. The plant and equipment 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.

Lease payments are accounted for as described in accounting policy (v).

(iii) Depreciation

Depreciation is charged to the consolidated profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment when it's ready for use. Land is not depreciated. The estimated useful lives are reflected in the following rates in the current and comparative periods:

	2019	2018
Buildings	25-40 years	25-40 years
Plant and equipment	2-20 years	2-20 years
Leased plant and equipment	3.33-10 years	3.33-10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(e) Intangibles

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the consideration transferred for the acquisition and the net recognised amount (generally fair value of the identifiable assets acquired and liabilities assumed), all measured as of acquisition date.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy (i)). In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

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

(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 profit and loss as an expense as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Group has sufficient resources to complete the development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (i)).

(iii) Brand names

Brand names acquired by the Group have indefinite useful lives and are measured at cost less accumulated impairment. They are tested annually for impairment, or more frequently if events or circumstances indicate that they might be impaired.

(iv) Intellectual Property

Intellectual property acquired by the Group with definite useful lives are measured at cost less accumulated impairment. They are tested annually for impairment, or more frequently if events or circumstances indicate that they might be impaired.

(v) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

(vi) Amortisation

Amortisation of intangibles other than goodwill and indefinite life intangibles is charged to the profit and loss 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 tested for impairment at least at each annual reporting date. Other intangible assets are amortised from the date that they are available for use.

The estimated useful lives are reflected in the following rates in the current and comparative periods:

	2019	2018
Intellectual property	0-20 years	0-20 years
Software	5-10 years	10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(g) Trade and other receivables

The Group measures trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy (i)) if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(h) 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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (c)) and deferred tax assets (see accounting policy (p)), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit and loss 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 profit and loss.

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.

For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance at each reporting date, based on known issues on collectability of outstanding debt.

(j) Calculation of recoverable amount

The recoverable amount of the Group'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 (less than 12 months) 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 post-tax nominal 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.

(k) 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.

(l) Interest-bearing borrowings

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 profit or loss over the period of the borrowings on an effective interest basis.

(m) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

(ii) Long-term service benefits

The Group'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 corporate bonds at the reporting date which have maturity dates approximating the terms of the Group's obligations.

(iii) Share based payments transactions

MaxiTRANS Industries Limited grants performance rights from time to time to certain employees under the Performance Rights Plan.

The fair value of performance rights granted is recognised as an employee expense with a corresponding increase in equity recorded over the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at least annually.

The fair value of the performance rights is calculated at the date of grant using a Monte Carlo simulation 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 performance rights allocated to this reporting period.

(iv) 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 amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as 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 Group as the benefits are taken by the employees.

(n) Provisions

A provision is recognised in the consolidated statement of financial position when the Group 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.

(o) 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.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit or loss 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 reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions. The Group believes that its accruals for tax liabilities are adequate for all open tax years. This assessment relies on estimates and assumptions and may involve judgements about future events.

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 substantially enacted at the 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

Due to the existence of a tax contribution agreement between the entities in the tax consolidated group, the parent entity recognises the tax effects of its own transactions and the current tax liabilities and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the subsidiary entities.

Current tax income/expense, 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 of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In accordance with the tax contribution agreement, the subsidiary entities are compensated/charged for the assets and liabilities assumed by the parent entity as intercompany receivables and payables and for amounts which equal the amounts initially recognised by the subsidiary entities.

(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, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic 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 transfer of control, at which point the significant risks and rewards of ownership are transferred.

(ii) Revenue from the rendering of services

Revenue from the rendering of services is recognised as the services are completed.

(iii) Other income

Interest income is recognised in the profit and loss as it accrues, using the effective interest method.

(iv) Dividend income

Dividend revenue is recognised when the right to receive a dividend has been established.

(t) 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 consolidated balance sheet.

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.

(u) Trade and other payables

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense and spread over the lease term.

(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) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest method, foreign exchange losses, and losses on hedging instruments that are recognised in the profit and loss. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are recognised in the profit and loss using the effective interest method.

(w) Derivative financial instruments

The Group 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 Group 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.

Derivatives are initially recognised at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value, and changes therein are recognised 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.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised in the profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(x) Accounting estimates and judgements

Management discussed with the Board Audit and Risk Management Committee the development, selection and disclosure of the Group'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 Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with accounting policy (i).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Provisions

The calculation of the provisions for warranty claims and impairment provisions for inventory and receivables involves estimation and judgement surrounding future claims and potential losses and exposures based primarily on past experience, the likelihood of claims or losses and exposures arising in the future as well as management knowledge and experience together with a detailed examination of financial and non-financial information and trends. Refer accounting policy (n) for details of the recognition and measurement criteria applied.

(y) Financial risk management

(i) Overview

The Group has exposure to credit, market and liquidity risks associated with the use of financial instruments.

The Board has delegated to the Audit and Risk Management Committee responsibility for the establishment of policies on risk oversight and management.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk controls, and to monitor risks and adherence to limits.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates and interest rates. The carrying value of financial assets and financial liabilities recognised in the accounts approximate their fair value with the exception of borrowings which are recorded at amortised cost.

There have not been any changes to the objectives, policies and procedures for managing risk during the current year or in the prior year.

(ii) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the earnings per share and the levels of dividends to ordinary shareholders together with the net debt/equity ratio, which at 30 June 2019 was 28% (2018: 30%). The Dividend Reinvestment Plan was suspended on 21 June 2011. The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages afforded by a sound capital position.

(z) Segment reporting

Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to or reviewed by the Group's chief operating decision maker which, for the Group, is the Managing Director. In this regard, such information is provided using different measures to those used in preparing the consolidated statement of profit or loss and consolidated balance sheet.

Reconciliations of such management information to the statutory information contained in the financial report have been included.

(aa) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Land and buildings

The fair value of property is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing and knowledgeable buyer and seller in an arm's length transaction after proper marketing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

The fair value of interest rate swaps is based on independent valuations.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(ab) Government grants

From time to time the Group becomes eligible for government grants. These grants, which are related to assets are accounted for in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. The Group has elected to recognise government grants by reducing the carrying amount of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

2. NOTES TO THE STATEMENT OF PROFIT AND LOSS

In the following table, revenue from customers (excluding revenue related to discontinued operations) is classified by major products and services lines and primary geographical market for the Groups Reportable segments (see Note 14).

2a. REVENUE

	Segment		2019	Segment		2018
	Trailer Solutions	MaxiPARTS	Total	Trailer Solutions	MaxiPARTS	Total
Type of Good or Service						
Trailer Sales	222,972	-	222,972	276,041	-	276,041
Trailer Repairs and other services	17,187	-	17,187	14,907	-	14,907
Sale of parts	-	106,943	106,943	-	101,945	101,945
Total Group Revenue	240,159	106,943	347,102	290,948	101,945	392,893
Geographical Market						
Australia	223,909	106,943	330,852	267,524	101,945	369,469
NZ	16,250	-	16,250	20,525	-	20,525
China	-	-	-	-	-	-
Total Group Revenue	240,159	106,943	347,102	288,049	101,945	389,994

2b. EXPENSES

	Consolidated 2019 $'000	Consolidated 2018 $'000
Employee and contract labour expenses:		
– employee expenses	86,405	87,614
– contract labour expenses	11,763	13,362
Total employee and contract labour expenses	**98,168**	**100,976**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

3. TAXATION

	Consolidated 2019 $'000	Consolidated 2018 $'000
(a) Income tax		
Reconciliation of tax (benefit) / expense		
Prima facie tax payable on (loss) / profit before tax for continued and discontinued operations at 30% (2018: 30%)	(7,739)	4,097
Add/(deduct) tax effect of:		
Research and development allowance	(204)	(268)
Non-assessable expenditure	629	73
Associate equity accounted income	(617)	(421)
Under/(over) provision in prior year	(52)	140
Impact of tax rates in foreign jurisdictions	(13)	27
Tax losses utilised	(97)	-
	(354)	(449)
Add/(deduct) Income tax attributable to discontinued operations	**1**	**86**
Income tax (benefit) / expense in consolidated statement of profit or loss	**(8,092)**	**3,734**
Income tax (benefit) / expense attributable to (loss) / profit from continuing operations is made up of:		
Current tax expense	2,027	2,530
Prior year under/(over) provision	200	229
Deferred tax expense		
– origination and reversal of temporary difference	(10,068)	962
– prior year under/(over) – deferred differences	(252)	(72)
Exclude discontinued operation current tax benefit/(expense)	1	85
Income tax (benefit) / expense in consolidated statement of profit or loss	**(8,092)**	**3,734**
(b) Deferred tax assets/(deferred tax liabilities)		
The deferred tax assets/(deferred tax liabilities) are made up of the following estimated tax benefits/(cost):		
– Provisions and accrued employee benefits	4,702	4,857
– Property, plant and equipment	5,049	(7,025)
– Intangible assets	390	(1,488)
– Inventory	499	1,134
– Other	218	113
Net deferred tax asset/(liability)	**10,858**	**(2,409)**
Balance at beginning of year	(2,409)	(280)
Recognised in profit or loss	10,068	(712)
Recognised in equity	3,199	(1,121)
Transfer to assets held for sale	-	(296)
Net deferred tax asset/(liability)	**10,858**	**(2,409)**

(c) Current tax asset/(liability)

The Group's current tax asset of $768,032 (2018: $2,237,282) and current tax liability of nil (2018: nil) represents the amount of income taxes receivable/(payable) in respect of current and prior financial periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

4. TRADE AND OTHER RECEIVABLES

	Consolidated 2019			Consolidated 2018		
	Gross $'000	Impairment $'000	Total $'000	Gross $'000	Impairment $'000	Total $'000
Trade debtors						
Not past due	26,202		26,202	25,586	(142)	25,444
Past due 0 – 30 days	9,156	(10)	9,146	8,856	(49)	8,807
Past due 31 – 60 days	4,013	(12)	4,001	1,981	(33)	1,948
Past due over 61 days	3,299	(577)	2,722	3,305	(192)	3,113
Trade receivables	**42,670**	**(599)**	**42,071**	**39,728**	**(416)**	**39,312**
Other receivables			310			(192)
Total trade and other receivables			**42,381**			**39,120**

5. INVENTORIES

	Consolidated	
	2019 $'000	2018 $'000
Second–hand units – at net realisable value	1,671	1,162
Finished goods – at cost	40,925	38,016
Work in progress – at cost	4,431	4,661
Raw materials – at cost	14,057	15,863
Less: provision for decrease to net realisable value	(1,817)	(2,002)
Total inventories	**59,267**	**57,700**

	Consolidated	
	2019 $'000	2018 $'000
6. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings at fair value	24,300	46,205
Accumulated depreciation	-	-
Total land and buildings	**24,300**	**46,205**
Plant and Equipment		
Plant and equipment at cost	43,644	39,212
Accumulated depreciation	(30,067)	(28,191)
Subtotal plant and equipment	**13,577**	**11,021**
Office equipment at cost	11,022	10,025
Accumulated depreciation	(8,935)	(8,367)
Subtotal office equipment	**2,087**	**1,658**
Leased property, plant and equipment	1,501	1,501
Accumulated depreciation	(787)	(575)
Subtotal leased property, plant and equipment	**714**	**926**
Capital work in progress *	1,002	33,923
Total plant and equipment	**17,380**	**47,528**
Total property, plant and equipment	**41,680**	**93,733**

* The prior year comparative of PP&E includes $33m relating to capital expenditure on the ERP system which has been reclassified to Intangible assets in the current year.

Independent valuations/market assessments were obtained during 30 June 2019 in relation to all land and buildings held at that time, for use by the directors in assessing land and buildings at fair value.

Refer to Note 26(e) for details of security over land and buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated	
	2019 $'000	**2018 $'000**
Land and buildings		
Carrying amount at the beginning of the financial year	46,205	43,325
Additions	163	10
Fair value revaluation	4,687	3,901
Disposals	(27,012)	-
Depreciation	(362)	(539)
Foreign currency movement	619	(492)
Carrying amount at the end of the financial year	**24,300**	**46,205**
Plant and equipment		
Carrying amount at the beginning of the financial year	11,021	13,782
Additions	1,195	1,757
Transfer to inventories	(449)	-
Transfers from capital works in progress	5,189	1,071
Transfer to assets held for sale	-	(1,717)
Disposals	(1,070)	(1,279)
Depreciation	(2,196)	(2,660)
Foreign currency movement	(113)	67
Carrying amount at the end of the financial year	**13,577**	**11,021**
Office equipment		
Carrying amount at the beginning of the financial year	1,658	1,447
Additions	165	903
Transfers from capital works in progress	815	-
Transfer to assets held for sale	-	(191)
Depreciation	(558)	(518)
Foreign currency movement	7	17
Carrying amount at the end of the financial year	**2,087**	**1,658**
Leased property, plant and equipment		
Carrying amount at the beginning of the financial year	926	6,298
Additions	-	495
Transfer to assets held for sale	-	(5,562)
Other sundry movements	-	281
Amortisation	(212)	(586)
Carrying amount at the end of the financial year	**714**	**926**
Capital works in progress		
Carrying amount at the beginning of the financial year	33,923	23,674
Additions	6,344	11,324
Transfers to software/intangibles	(33,261)	-
Transfers to property, plant and equipment	(6,004)	(1,075)
Carrying amount at the end of the financial year	**1,002**	**33,923**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

7. INTANGIBLES

	Consolidated 2019 $'000	2018 $'000
Software at cost	40,077	958
Impairment loss	(26,882)	-
Accumulated amortisation	(1,995)	(192)
	11,200	**766**
Goodwill at cost	21,892	21,892
Brand names at cost	6,930	6,930
Accumulated amortisation	(691)	(691)
	6,239	**6,239**
Intellectual property at cost	22,665	22,665
Accumulated amortisation	(17,699)	(17,297)
	4,966	**5,368**
Patents and trademarks at cost	891	891
Accumulated amortisation	(891)	(891)
	-	-
Total intangibles	**44,297**	**34,265**

Reconciliations

Reconciliations of the carrying amounts for each class of intangible assets are set out below:

	2019	2018
Software		
Carrying amount at the beginning of the financial year	766	862
Transfers from capital work in progress	33,261	-
Additions	5,858	-
Impairment losses	(26,882)	-
Amortisation	(1,803)	(96)
Carrying amount at the end of the financial year	**11,200**	**766**
Goodwill		
Carrying amount at the beginning of the financial year	21,892	24,645
Less goodwill classified as held for sale	-	(2,753)
Carrying amount at the end of the financial year	**21,892**	**21,892**
Brand names		
Carrying amount at the beginning of the financial year	6,239	6,239
Carrying amount at the end of the financial year	**6,239**	**6,239**
Intellectual property		
Carrying amount at the beginning of the financial year	5,368	5,771
Amortisation	(402)	(403)
Carrying amount at the end of the financial year	**4,966**	**5,368**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated			
	Other Intangibles		Goodwill	
	2019	2018	2019	2018
Cash Generating Unit (CGU)	**$'000**	**$'000**	**$'000**	**$'000**
Trailers	11,205	11,607	5,193	5,193
MaxiPARTS	-	-	16,699	16,699
Corporate	11,200	766	-	-
	22,405	**12,373**	**21,892**	**21,892**

Impairment tests for Goodwill and Other Intangibles

The recoverable amount of the CGU's to which goodwill and other intangible assets with indefinite useful lives are allocated is determined based on value–in–use calculations. These calculations use cash flow projections based on most recent budgeted projections by key operational management and are subsequently reviewed by the Board. Budgeted EBITDA is based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected considering current market conditions, order intake and expectations with regards to market share.

Projections are extrapolated using estimated growth rates for a five year period with a terminal growth rate of 2.0%. The growth rate used for years 2-5 is 2.1% which is based on recent Australian Government GDP forecasts and the after-tax nominal discount rates used were 10.9% (2018: 10.6%). The company reviews the impairment of its intangibles on a regular basis. Impairment would result from any adverse movement in discount rate or a decline in underlying business performance (EBITDA) potentially driven by a variety factors including a softening of the end market.

The impairment review was conducted in accordance with AASB 136. Impairment was tested at the CGU level, being Trailer Solutions and MaxiParts. For assets that are not able to be sensibly split between the CGU, these were assessed at the Group level, namely the group ERP system held at $11.2 million as at year ended 30 June 2019 (2018: 33.62 million was held in Property, Plant and Equipment as Capital Work in Progress).

As at 30 June 2019, $26.9 million of Intangible assets relating to capital expenditure accumulated for the ERP system was deemed to be impaired at the Consolidated Group level. The remaining value of the TRANSform asset has been determined based on management's estimate of the recoverable amount of an equivalent ERP system less the remaining expenditure to complete the implementation and already amortised amounts.

The recoverable amount of the Australian Trailers and MaxiParts CGU's were found to be in excess of their respective carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

8. TRADE AND OTHER PAYABLES

	Consolidated 2019 $'000	Consolidated 2018 $'000
Trade payables	35,821	34,853
Other payables and accruals	8,814	12,474
Total trade and other payables	**44,635**	**47,327**

9. INTEREST BEARING LOANS AND BORROWINGS

		Consolidated 2019 $'000	Consolidated 2018 $'000
Current			
Lease liability		255	752
Total current interest bearing liabilities		**255**	**752**
Non-current			
Bank loans – secured	26(e)	43,500	49,500
Lease liability		170	408
Total non–current interest bearing liabilities		**43,670**	**49,908**

Bank loans are subject to a floating interest rate. Interest rate swaps have been executed in respect of $15.3m (2018: $28.5m) of this debt in order to mitigate interest rate risk. Refer to note 26(b) for further details.

	2019 $'000	2018 $'000
Finance costs:		
– Interest on bank loans	2,565	2,236
– Finance lease charges	78	92
Total finance costs	**2,643**	**2,328**

10. PROVISIONS

	2019 $'000	2018 $'000
Current		
Employee entitlements	8,630	9,166
Warranty	2,943	3,960
Other	170	-
Total current provisions	**11,743**	**13,126**
Non-current		
Employee entitlements	1,034	1,066
Other	-	75
Total non-current provisions	**1,034**	**1,141**
Aggregate employee entitlements liability	**9,664**	**10,232**

Warranty and other provisions at 30 June 2019 is analysed as follows:

	Warranty $'000	Other $'000
Carrying amount at 1 July 2018	3,960	
Provisions made during the year	1,775	170
Provisions utilised / released during the year	(2,835)	
Foreign Currency Exchange differences	43	
Carrying amount at 30 June 2019	**2,943**	**170**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

11. ISSUED CAPITAL

	Number of Ordinary Shares	Share Capital $'000
Balance at 30 June 2018	185,075,653	56,386
Balance at 30 June 2019	185,075,653	56,386

Ordinary shares

Subject to the Constitution of the Company, holders of ordinary shares are entitled to vote as follows:

- Every shareholder may vote;
- On a show of hands every shareholder has one vote;
- On a poll every shareholder has one vote for each fully paid share.

The company does not have authorised capital or par value in respect of its issued shares.

Subject to the Constitution of the Company, ordinary shares attract the right in a winding up to participate equally in the distribution of the assets of the Company (both capital and surplus), subject only to any amounts unpaid on shares.

12. EARNINGS PER SHARE

Basic earnings per share

	Consolidated 2019 $'000	2018 $'000
Earnings reconciliation		
Net profit attributable to equity holders of the Company	(17,704)	10,077
Basic earnings	**(17,704)**	**10,077**
From continuing operations	(16,134)	10,343
From discontinued operations	(1,570)	(266)
	(17,704)	**10,077**
Diluted Earnings	(17,704)	10,077
From continuing operations	(16,134)	10,343
From discontinued operations	(1,570)	(266)
	(17,704)	**10,077**

	2019 Number	2018 Number
Weighted average number of shares		
Number of ordinary shares for basic Earnings Per Share	185,075,653	185,075,653
Number of Ordinary Shares for Diluted earnings per share	185,075,653	185,075,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

13. DIVIDENDS

Dividends paid	Cents Per Share	Total Amount $'000	Date of Payment	Tax Rate for Franking Credit	Percent Franked
2019					
Interim – ordinary	0.00	-	-	30%	100%
Total dividends paid	0.00	-			
2018					
Interim – ordinary	2.00	3,702	13-Apr-18	30%	100%
Final – ordinary	1.50	2,776	23-Oct-18	30%	100%
Total dividends paid	3.50	6,478			
Dividends proposed					
Final – ordinary	0.00	-	-	30%	100%

Dividend franking account	The Company 2019 $'000	2018 $'000
Franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	26,759	24,574

There is Nil (2018: $1,189,772) impact on the dividend franking account for dividends proposed after the reporting date but not recognised as a liability.

14. 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 corporate assets and expenses. Total finance costs of the Group are included in unallocated corporate costs.

The MaxiTrans Group reports on two Cash Generating Units (CGU's): Trailer Solutions and Parts. The Trailer Solutions business manufactures a diverse portfolio of trailers. The trailers are sold through our dealer network, comprising both owned dealerships and licensed dealerships, providing full solution including after sales service and parts to our customers. The Parts business sells trailer and truck parts at both a wholesale and retail level in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Year Ended 30 June 2019						
Business Segments	**Trailer Solutions**	**Parts & components**	**Corporate / Eliminations**	**Total continuing activities**	**Discontinued operation**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
External segment revenue	240,159	106,943	-	347,102	5,435	352,537
Inter-segment revenue	344	26,531	(27,483)	(608)	608	-
Total segment revenue	**240,503**	**133,474**	**(27,483)**	**346,494**	**6,043**	**352,537**
Total Revenue	**240,503**	**133,474**	**(27,483)**	**346,494**	**6,043**	**352,537**
Segment Result						
Segment earnings pre associate, interest and significant items	**3,937**	**7,953**	**(5,662)**	**6,228**	**(52)**	**6,175**
Share of net profit of equity accounted investments	2,058	-	-	2,058	-	2,058
Interest income	-	-	48	48	-	48
Interest expense	-	-	(2,643)	(2,643)	49	(2,594)
Segment net profit before tax (Excluding significant items)	**5,995**	**7,953**	**(8,257)**	**5,691**	**(3)**	**5,687**
Significant items, before tax						
Gain/(loss) on disposal of subsidiary	-	-	-	-	(1,568)	(1,568)
ERP system implementation expenses*	-	-	(1,860)	(1,860)	-	(1,860)
Impairment - intangible software	-	-	(26,882)	(26,882)	-	(26,882)
Redundancy costs	(39)	-	(381)	(420)	-	(420)
Acquisition / Disposal Transaction costs	(226)	-	(528)	(754)	-	(754)
Segment net profit before tax (Including significant items)	**5,730**	**7,953**	**(37,909)**	**(24,226)**	**(1,571)**	**(25,797)**
Income tax expense	-	-	8,092	8,092	1	8,093
Net profit after tax	**5,730**	**7,953**	**(29,817)**	**(16,134)**	**(1,570)**	**(17,704)**
Depreciation and amortisation	2,870	700	1,963	5,533	245	5,778
Total Depreciation and amortisation	**2,870**	**700**	**1,963**	**5,533**	**245**	**5,778**
Assets						
Segment assets	116,484	62,226	-	178,710	-	178,710
Unallocated corporate assets			47,601	47,601	-	47,601
Consolidated total assets	**116,484**	**62,226**	**47,601**	**226,311**	**-**	**226,311**
Liabilities						
Segment liabilities	32,568	16,595	-	49,163	-	49,163
Unallocated corporate liabilities	-	-	55,307	55,307	-	55,307
Consolidated total liabilities	**32,568**	**16,595**	**55,307**	**104,470**	**-**	**104,470**
Capital expenditure	7,275	160	-	7,435	(29)	7,406
Unallocated capital expenditure	-	-	432	432	-	432
Total capital expenditure	**7,275**	**160**	**432**	**7,867**	**(29)**	**7,838**

* non cash, non recurring

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

Year Ended 30 June 2018						
Business Segments	**Trailer Solutions**	**Parts & components**	**Corporate/ Eliminations**	**Total continuing activities**	**Discontinue d operation**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
External segment revenue	290,948	101,945	-	392,893	16,419	409,312
Inter-segment revenue	7,553	25,477	(35,929)	(2,899)	2,899	-
Total segment revenue	**298,501**	**127,422**	**(35,929)**	**389,994**	**19,318**	**409,312**
Total Revenue	**298,501**	**127,422**	**(35,929)**	**389,994**	**19,318**	**409,312**
Segment Result						
Segment earnings pre associate, interest and significant items	**15,070**	**8,104**	**(8,230)**	**14,944**	**(419)**	**14,525**
Share of net profit of equity accounted investments	1,404	-	-	1,404	-	1,404
Interest income	-	-	58	58	-	58
Interest expense	-	-	(2,328)	(2,328)	-	(2,328)
Segment net profit before tax (Excluding significant items)	**16,474**	**8,104**	**(10,500)**	**14,078**	**(419)**	**13,659**
Significant items	-	-	-	-	-	-
Income tax expense	-	-	(3,561)	(3,561)	(87)	(3,648)
Net profit after tax	**16,474**	**8,104**	**(14,061)**	**10,517**	**(506)**	**10,011**
Depreciation and amortisation	3,018	854	201	4,073	725	4,798
Total Depreciation and amortisation	**3,018**	**854**	**201**	**4,073**	**725**	**4,798**
Assets						
Segment assets	142,883	67,090	-	209,973	19,813	229,786
Unallocated corporate assets	-	-	34,433	34,433	-	34,433
Consolidated total assets	**142,883**	**67,090**	**34,433**	**244,406**	**19,813**	**264,219**
Liabilities						
Segment liabilities	60,088	16,840	-	76,928	9,550	86,478
Unallocated corporate liabilities	-	-	41,922	41,922	-	41,922
Consolidated total liabilities	**60,088**	**16,840**	**41,922**	**118,850**	**9,550**	**128,400**
Capital expenditure	3,088	358	-	3,446	325	3,771
Unallocated capital expenditure	-	-	10,715	10,715	-	10,715
Total capital expenditure	**3,088**	**358**	**10,715**	**14,161**	**325**	**14,486**

Geographical segments

The Group's external revenues are predominantly 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 FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

15. SHARE BASED PAYMENTS

On 15 October 2010, the Group established the MaxiTRANS Performance Rights Plan ('PRP') that entitles executive directors and senior management to receive a specified number of Performance Rights ('PRs') which upon vesting can be converted into a specified number of ordinary shares in the Company.

The terms and conditions relating to PRs currently on issue are as follows:

Period	1 July 2018 – 30 June 2021	1 July 2017 – 30 June 2020
Grant date	19-Oct-18	30-Sep-17
Total PRs issued	2,240,646	1,819,520
Total PRs forfeited	582,419	1,819,520
Total PRs remaining on issue	1,658,227	-
Vesting conditions	ROIC – 100%	ROIC – 100%
Base Return on Invested Capital (ROIC)	3 year average rate of 6%	3 year average rate of 6%
Target increase in ROIC	Average of 0.65% per annum (7.95% over 3 years)	Average of 0.65% per annum (7.95% over 3 years)
Percentage increase in base ROIC required	32.5%	32.5%
Minimum % of ROIC target that must be achieved for Performance Rights to vest	66.67% (i.e. average of 0.43% per annum)	66.67% (i.e. average of 0.43% per annum)
Target EPS	n/a	n/a
Minimum service requirement	3 years from grant date	3 years from grant date

Details of PRs exercised:	2016/19 Plan	2017/20 Plan	2018/21 Plan
Total PRs issued	3,591,081	1,819,520	2,240,646
Total PRs forfeited	3,591,081	1,819,520	582,419
Total PRs exercised	–	–	–

Measurement of fair value

The fair value of PRs is calculated at the date of grant by an independent external valuer, Grant Thornton, using the Monte Carlo simulation model and allocated to each reporting period evenly over the period from grant date to vesting date. Expected volatility is estimated by considering historic average share price volatility.

PRs are granted under a service condition and, for grants to key management personnel, non–market performance conditions. Non–market performance conditions are not taken into account in the grant date fair value measurement of the services received.

The inputs used in the measurement of the fair values at grant date of the PRs on issue are as follows:

	2019	2018
Fair value at grant date	43.91¢	58.79¢
Share price at grant date	52.00¢	67.00¢
Expected volatility	40.00%	50.00%
Expected dividend yield	5.00%	6.50%
Risk–free rate of return	2.06%	2.00%
Liquidity discount	n/a	15.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

15. SHARE BASED PAYMENTS (continued)

	Consolidated	
Expense/(income) recognised in profit and loss	**2019 $'000**	**2018 $'000**
Share based payments expense recognised	255	352
Share based payments reversed	(517)	(330)
Total share based payment expense/(income) recognised as employee costs	(262)	22

During the period it was determined that the performance and service conditions of the 2016 and 2017 PR scheme will not be met. As a result, the total amount recognised for goods and services received over the life of the 2016 and 2017 scheme was reversed. In addition, where an employee has left the business their PR expense was reversed. The reversal amount is comprised of:

	$'000
2016 PR scheme	261
2017 PR scheme	235
2018 PR scheme	21

16. RELATED PARTY DISCLOSURES

(a) Director and other key management personnel disclosures

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and executives for the Group.

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
– Mr J Curtis (Deputy Chairman)
– Mr R Wylie (Chairman)
– Mr J Rizzo
– Ms S Hogg
– Ms M Verschuer
  - appointed 24 January 2019

Executive directors
– Mr D Jenkins (Managing Director)

Executives
– Mr C Richards (CFO)
  - resigned 21 December 2018
– Ms J DeMartino (CFO)
  - appointed 8 October 2018; resigned 6 March 2019
– Mr P Loimaranta (Group General Manager – International)
– Mr A McKenzie (Group General Manager – Sales and Marketing)
– Mr T Negus (Group General Manager – Manufacturing)
– Mr J O'Brien (General Manager – MaxiParts)
– Mr T Bradfield (CFO)
  - appointed 6 March 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

(a) Directors' transactions in shares

Directors and their related entities acquired 203,000 (2018: 385,377) existing ordinary shares in MaxiTRANS Industries Limited during the year.

(b) Director and other key management personnel transactions

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(c) Transactions with associate

During the year the Group derived revenue from the associate of $38,296,867 (2018: $40,488,567) for the sale of new units, parts and the provisions of services. Amounts receivable from the associate at year-end total $2,734,456 (2018: $3,925,567).

During the year the Group paid for services and parts from the associate totalling $2,422,069 (2018: $1,659,565). Amounts owing at year-end total $117,789 (2018: $120,977).

All dealings were in the ordinary course of business and on normal commercial terms and conditions.

(d) Key management personnel remuneration

The key management personnel remuneration (see Remuneration Report) is as follows:

	Consolidated	
	2019	**2018**
Short–term employee benefits	3,188,415	3,012,633
Post–employment benefits	296,618	299,987
Share based payment benefits/(expense)	(114,446)	30,078
	3,370,586	**3,342,698**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

17. PARENT ENTITY

As at 30 June 2019 and throughout the financial year ending on that date, the parent company of the Group was MaxiTRANS Industries Limited.

	Company	
	2019 $'000	**2018 $'000**
Results of the parent company		
Profit/(loss) for the year	(24,791)	(3,427)
Other comprehensive income		-
Total comprehensive income	**(24,791)**	**(3,427)**
Financial position of the parent company		
Current assets	38,445	52,047
Total assets	79,618	114,440
Current liabilities	1,400	2,393
Total liabilities	44,900	51,892
Net assets	**34,718**	**62,548**
Total equity of the parent company comprising of:		
Issued capital	56,385	56,386
Reserves	352	609
Retained earnings	(22,019)	5,553
Total equity	**34,718**	**62,548**

Investments in subsidiaries and joint ventures are carried at historical cost in the parent company less, where applicable, any impairment charge.

Parent company contingencies

At any given point in time, the parent company may be engaged in defending legal actions brought against it. The directors are not aware of any such actions that would give rise to a material contingent liability to the parent company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

18. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Country of Incorp.	Class of Shares	Interest Held 2019 %	Interest Held 2018 %
The Company:				
MaxiTRANS Industries Limited				
Controlled entities of MaxiTRANS Industries Limited:				
MaxiTRANS Australia Pty Ltd	Aust.	Ord.	100	100
–Transport Connection Pty Ltd	Aust.	Ord.	100	100
Transtech Research Pty Ltd	Aust.	Ord.	100	100
Trail Truck Parts Pty Ltd (i)	Aust.	Ord.	100	100
MaxiTRANS Industries (N.Z.) Pty Ltd	Aust.	Ord.	100	100
Peki Pty Ltd (i)	Aust.	Ord.	100	100
Ultraparts Pty Ltd (i)	Aust.	Ord.	100	100
MaxiTRANS Services Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS Finance Pty Ltd (i)	Aust.	Ord.	100	100
Lusty EMS Pty Ltd	Aust.	Ord.	100	100
Hamelex White Pty Ltd (i)	Aust.	Ord.	100	100
MaxiPARTS Pty Ltd (formerly Colrain Pty Ltd)	Aust.	Ord.	100	100
– Colrain Queensland Pty Ltd	Aust.	Ord.	100	100
– Colrain (Albury) Pty Ltd	Aust.	Ord.	100	100
– Queensland Diesel Spares Pty Ltd (formerly Colrain (Ballarat) Pty Ltd) (i)	Aust.	Ord.	100	100
– Colrain Pty Ltd (formerly Colrain (Geelong) Pty Ltd) (i)	Aust.	Ord.	100	100
– MaxiPARTS (Qld) Pty Ltd (formerly Queensland Diesel Spares Pty Ltd)	Aust.	Ord.	100	100
MaxiTRANS Employee Share Plan Pty Ltd	Aust.	Ord.	100	100
MaxiTRANS (China) Limited (i)	Hong Kong	Ord.	100	100
Yangzhou Maxi–CUBE Tong Composites Co Ltd (ii)	China	Ord.	-	80

(i) Dormant entity

(ii) As at 2 November 2018 the MaxiTRANS Industries Limited sold the 80% majority shareholding

19. ACQUISITION OF NON-CONTROLLING INTEREST (NCI)

The Group has nil reportable NCI for FY2019. In June 2017, the Group acquired the additional 20% interest in Transport Connection Pty Ltd for $536,405 in cash, increasing its ownership from 80% to 100%. A final payment of $31,201 was paid in 2018 following the finalisation of the 30 June 2017 financial report of Transport Connection Pty Ltd.

	2019 $'000	2018 $'000
Consideration paid to NCI	-	31
Increase in equity attributable to owners of the Company	-	31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

20. DEED OF CROSS GUARANTEE

The Company, together with its subsidiaries, MaxiTRANS Australia Pty Ltd, Transtech Research Pty Ltd, Lusty EMS Pty Ltd, Peki Pty Ltd, MaxiTRANS Industries (N.Z.) Pty Ltd, MaxiPARTS Pty Ltd (effective 1 September 2008, previously ineligible) and Queensland Diesel Spares Pty Ltd (effective 22 June 2012, previously ineligible) each of which are incorporated in Australia, entered into a "Deed of Cross Guarantee" so as to seek the benefit of the accounting and audit relief available under Class Order (2016/785) made by the Australian Securities & Investments Commission which was granted on 30 June 2006.

A consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2019 is set out as follows:

Consolidated statement of comprehensive income	Note	Consolidated 2019 $'000	2018 $'000
Total revenue		325,137	362,979
Changes in inventories of finished goods and work in progress		6,270	2,433
Raw materials and consumables used		(193,104)	(217,833)
Other income		250	72
Employee expenses		(96,063)	(98,724)
Warranty expenses		(3,015)	(3,770)
Depreciation and amortisation expenses		(5,514)	(4,055)
Finance costs		(2,643)	(2,328)
Other expenses		(31,189)	(26,938)
Impairment loss on intangible assets		(26,883)	-
Share of net profits of joint ventures accounted for using the equity method		2,058	1,404
(Loss)/Profit before income tax		(24,696)	13,240
Income tax benefit		8,092	(3,484)
Loss for the year		**(16,604)**	**9,756**
Other comprehensive income			
Items that may subsequently be re-classified to profit or loss:			
Net exchange difference on translation of financial statements of foreign operations		973	429
Cashflow hedge reserve		(342)	(35)
Items that will never be reclassified to profit or loss:			
Revaluation of land and buildings		12,690	3,901
Related tax		(3,807)	(1,136)
Other comprehensive income/(loss) for the year, net of tax		9,514	3,159
Total comprehensive income for the year		**(7,090)**	**12,915**
Profit attributable to:			
Equity holders of the company		(16,604)	9,756
Total comprehensive income attributable to: Equity holders of the company		(7,090)	12,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

20. DEED OF CROSS GUARANTEE (continued)

Consolidated statement of financial position	Consolidated 2019 $'000	2018 $'000
Current Assets		
Cash and cash equivalents	11,925	9,691
Trade and other receivables	38,520	35,539
Inventories	57,673	55,470
Current tax assets	768	2,237
Other	3,801	1,567
Total Current Assets	**112,687**	**104,504**
Non-Current Assets		
Investment in joint venture	11,356	4,826
Investments in controlled entities	2,903	7,193
Property, plant and equipment	41,523	93,617
Intangible assets	42,719	32,686
Deferred tax assets	10,858	265
Other NC Assets	-	1,249
Total Non-Current Assets	**109,359**	**139,836**
Total Assets	**222,046**	**244,340**
Current Liabilities		
Trade and other payables	45,050	47,855
Interest bearing loans and borrowings	255	753
Current tax liability	-	–
Provisions	11,558	12,857
Total Current Liabilities	**56,863**	**61,465**
Non-Current Liabilities		
Interest bearing loans and borrowings	43,670	49,908
Deferred tax liabilities	-	2,741
Provisions	1,034	1,141
Other	-	97
Total Non-Current Liabilities	**44,704**	**53,887**
Total Liabilities	**101,567**	**115,352**
Net Assets	**120,479**	**128,988**
Equity		
Issued capital	56,386	56,386
Reserves	15,278	19,175
Retained profits	48,815	53,427
Total Equity	**120,479**	**128,988**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

21. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Name of Entity	Principal Activity		Ownership 2019 %	2018 %
Trailer Sales Pty Ltd	Trailer retailer. Repairs and service provider. Sale of spare parts within Australia, which is the country of incorporation.	Investment in Associate	36.67	36.67
Australasian Machinery Sales Pty Ltd	Manufacturer and supplier of live bottom trailers.	Joint Venture	80.00	-

$'000	Revenues (100%)	Net Profit after Tax 100%	Share of Associate Profit Recognised	Total Assets	Total Liabilities	Net Assets as Reported by Associate
2019	71,004	4,762	2,058	26,967	12,914	14,054
2018	70,740	3,829	1,404	20,489	8,453	12,035

Commitments

The share of the associate's capital commitments contracted but not provided for or payable within one year was $nil at 30 June 2019 (2018: $nil).

22. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of cash flows from operating activities with operating profit/(loss) after tax	Consolidated 2019 $'000	2018 $'000
(Loss)/Profit for the year	(17,704)	10,011
Non-cash items in operating profit		
Depreciation and amortisation of assets	5,533	4,798
Gain on sale of property, plant and equipment	(1,748)	73
Disposal of discontinued operation	1,568	-
Impairment loss on intangibles assets	26,882	-
Share of net profits of associates accounted for using the equity method	(2,058)	(1,404)
Share based payments expense	(262)	22
Change in assets and liabilities		
(Increase)/decrease in receivables	(2,725)	(569)
(Increase)/decrease in other assets	(1,442)	61
(Increase)/decrease in inventories	(1,034)	2,739
Increase/(decrease) in trade payables and other liabilities	(3,915)	3,161
Increase/(decrease) in income tax payable	1,283	(1,237)
Increase/(decrease) in deferred taxes	(9,120)	741
Increase/(decrease) in provisions	(1,356)	1,371
Net cash (used in) / provided by operating activities	**(6,098)**	**19,767**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

23. CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

	Consolidated 2019 $'000	2018 $'000
Future operating lease rentals not provided for in the financial statements and payable:		
– not later than 1 year	6,232	4,244
– later than 1 year but not later than 5 years	12,855	8,011
– later than 5 years	17,740	1,671
Total operating lease commitments	**36,827**	**13,926**

The Group leases property under operating leases expiring from one to twenty-two years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

(b) Capital expenditure commitments

	Consolidated 2019 $'000	2018 $'000
Payable		
– not later than 1 year	7,028	7,144
– later than 1 year but not later than 5 years	-	867
Total capital expenditure commitments	**7,028**	**8,011**

24. CONTINGENT LIABILITIES

At any given point in time the Group may be engaged in defending legal actions brought against it. In the opinion of the directors such actions are not expected to have a material effect on the Group's financial position.

25. REMUNERATION OF AUDITOR

Remuneration of auditor	Consolidated 2019 $	2018 $
KPMG Australia:		
– auditing and reviewing the financial statements	456,212	292,830
– other services (taxation and advisory)	18,836	188,254
	475,048	**481,084**
Overseas KPMG Firms:		
– auditing and reviewing financial statements	53,940	86,849
– other services (taxation, advisory and due diligence)	10,015	9,554
	63,955	**96,403**
Total auditor remuneration	**539,003**	**577,487**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

26. FINANCIAL INSTRUMENTS

(a) Risk management framework/policies

The Group's key activities include the design, manufacture, sale, service and repair of transport equipment and related component and spare parts. These activities expose the Group to a variety of financial risks, including liquidity risk, credit risk and market risk such as currency and interest rate risk.

The Group's financial risk management program seeks to minimise the potential adverse effects of the unpredictability of financial markets on the financial performance of the Group by utilising derivative financial instruments for purchase of supplies and raw materials. The Group measures risk exposure through sensitivity analysis in the case of currency risk, cash flow forecasting and ageing analysis for credit risk.

(b) Interest rate risk

The Group is exposed to interest rate risk as it borrows at both fixed and floating interest rates. The risk is managed by the use of fixed interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the statement of financial performance or protecting interest rate expense through different interest rate cycles.

As at reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Consolidated	
	2019 $'000	**2018 $'000**
Borrowings – fixed rate	15,255	15,161
Borrowings – floating rate	28,670	35,500
	43,925	**50,661**

As at reporting date, if interest rates on borrowings had moved as illustrated in the table below, with all other variables held constant, post tax profit for the year would have been affected as follows:

	2019 $'000	**2018 $'000**
100bp increase	(201)	(218)
100bp decrease	201	218

(c) Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in foreign currency, primarily United States Dollars. Derivative financial instruments (forward exchange contracts) are used by the Group to economically hedge exposure to exchange rate risk associated with foreign currency transactions.

Forward exchange contracts

The following table summarises the US Dollar forward exchange contracts outstanding as at the reporting date:

	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Buy USD Dollar	0.7020	0.7498	5,038	7,028	7,177	9,373	(12)	134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

26. FINANCIAL INSTRUMENTS (continued)

As at reporting date, if the Australian Dollar had moved against the US Dollar currency as illustrated in the table below, with all other variables held constant, post tax profit for the year would have been affected as follows:

	Consolidated	
	2019 $'000	2018 $'000
USD 10.0 cents increase	(626)	(699)
USD 10.0 cents decrease	626	699

(d) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities, primarily from trade and other receivables and financing activities, including deposits with financial institutions. The carrying amount of these financial assets at year-end represented the Group's maximum exposure to credit risk. The Group has a policy of only dealing with credit worthy counterparties and obtaining sufficient security where appropriate, as a means of mitigating the risk of financial losses from defaults. The Group does not have any significant credit risk exposure to any single counter party. The majority of accounts receivable are due from entities within the transport industry.

Guarantees

Performance guarantees of $2,625,945 (2018: $723,768) are held by Commonwealth Bank of Australia (2018: Commonwealth Bank of Australia and Australian and New Zealand Banking Group Limited) on behalf of MaxiTRANS Australia Pty Ltd and MaxiPARTS Pty Ltd.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves, committed banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's liquidity management policies include Board approval of all changes to debt facilities including the terms of fixed rate debt. The liquidity management policies ensure that the Group has a well-diversified portfolio of debt, in terms of maturity and source, which significantly reduces reliance on any one source of debt in any one particular year. Liquidity risk is managed by the Group based on net inflows and outflows from financial assets and financial liabilities.

The following table summarises the maturities of the Group's financial liabilities based on the remaining earliest contractual maturities, excluding net interest payable on borrowings.

30 June 2019 – Consolidated	Carrying Amount $'000	6 months or Less $'000	6–12 Months $'000	1–2 Years $'000	2–5 Years $'000
Trade and other payables and accruals	(44,635)	(44,635)	-	-	-
Borrowings	(43,925)	(255)	-	(170)	(43,500)
Effect of derivative instruments					
Forward exchange contracts					
– inflow	8,877	7,527	1,350	-	-
– outflow	(8,889)	(7,515)	(1,374)	-	-
	(88,572)	(44,878)	(24)	(170)	(43,500)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

26. FINANCIAL INSTRUMENTS (continued)

30 June 2018 – Consolidated	Carrying Amount $'000	6 months or Less $'000	6–12 Months $'000	1–2 Years $'000	2–5 Years $'000
Trade and other payables and accruals	(47,327)	(47,327)	-	-	-
Borrowings	(50,660)	(630)	(122)	(22,245)	(27,663)
Effect of derivative instruments					
Forward exchange contracts					
– inflow	9,880	9,880	-	-	-
– outflow	(9,746)	(9,746)	-	-	-
	(97,853)	**(47,823)**	**(122)**	**(22,245)**	**(27,663)**

Finance facilities

At year end, the Group had the following financing facilities in place with its bankers:

	Facility Amount		Utilised		Available	
Consolidated	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Loan facility	51,750	64,655	43,500	52,568	8,250	12,087
Overdraft facility	5,000	1,000	-	-	5,000	1,000
Multi-option facility	5,000	9,000	2,626	1,395	2,374	7,605
Less borrowings included in liabilities	-	(4,655)	-	(3,068)	-	(1,587)
	61,750	**70,000**	**46,126**	**50,895**	**15,624**	**19,105**

On 29 June 2017, the Group refinanced its financing facilities. Commonwealth Bank of Australia and HSBC Bank are the Group's new banking partners.

The loan, overdraft and other facilities are fully secured by a registered mortgage over certain land and buildings of the controlled entities with a fair value of $24,300,370 as at 30 June 2019.

Core Australian and New Zealand loan facilities of $61.75m mature as follows, subject to continuing compliance with the terms of the facilities:
– $30.00m in July 2021
– $21.75m in June 2022
– $10.00m in June 2020

The net cash used in financing activities excluding dividends paid (totalling -$6.735m) as disclosed in the Statement of Cash Flows, consist of the movement in Interest bearing loans and borrowings as per note 9.

Interest rates are a combination of fixed and variable.

The terms and conditions of the bank facilities contain covenants in relation to gearing ratio, interest cover and leverage ratio.

At half year, 31 December 2018, the Group breached its leverage ratio and accordingly the debt was classified as current at 31 December 2018. The Group's Lenders provided a waiver of the 31 December 2018 covenant breach and varied the terms of the covenants. As at 30 June 2019, the Group satisfied the leverage ratio covenants with all debt being reported as non-current as at 30 June 2019. The Group's forecast indicates that Group will comply will all covenants in the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

26. FINANCIAL INSTRUMENTS (continued)

(f) Fair value

Determination of fair value

Net fair value has been determined in respect of financial assets and financial liabilities, with reference to the carrying amount of such assets and liabilities in the consolidated balance sheet, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The carrying amount approximates estimated net fair value for the Group's financial assets and liabilities.

Classification of fair value

Fair Value Measurement requires that financial and non-financial assets and liabilities measured at fair value (being forward exchange contracts, interest rate swaps and land and buildings) be disclosed according to their position in the fair value hierarchy. There were no transfers between levels within the fair value hierarchy at 30 June 2019.

- Level 1 is based on quoted prices in active markets for identical items;
- Level 2 is based on quoted prices or other observable market data not included in level 1;
- Level 3 valuations are based on inputs other than observable market data.

Forward exchange contracts and interest rate swaps are classified as Level 2 and their fair value is determined by reference to observable inputs from active markets or prices from markets not considered active. They are priced with reference to an active yield or rate, but with an adjustment applied to reflect the timing of maturity dates.

The fair value of forward exchange contracts and interest rate swaps at balance date is as follows:

	Consolidated	
	2019 $'000	**2018 $'000**
Derivative assets	349	41
Derivative liabilities		-

Land and buildings are classified as Level 3 and their fair value reflects the use of directly unobservable market inputs in their valuation, including assumptions about rents, yields and discount rates obtained from analysed transactions.

Valuations and assessments against current market prices have been performed at 30 June 2019 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation technique is based on the highest and best use to market participants.

The following table present changes in the fair value of land and buildings during 2018/19, including changes to the unobservable inputs.

	Consolidated Land and Buildings
Opening balance as at 1 July 2018	46,205
Fair value revaluation	4,687
Additions	163
Disposals	(27,012)
Depreciation recognised in the statement of profit and loss	(362)
Exchange rate variance	619
Closing balance as at 30 June 2019	**24,300**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

27. DISCONTINUED OPERATION

On 2 November 2018 MaxiTRANS Industries Limited sold its 80% share of Yangzhou Maxi-CUBE Tong Composites Co Ltd (MTC) which forms part of the Parts & Components segment. MTC was classified as held-for-sale as at 30 June 2018.

The comparative consolidated statement of profit or loss and OCI has been restated to show the discontinued operation separately from continuing operations.

(a) Results of Discontinued Operation

	2019 $'000	**2018 $'000**
Sale of goods	5,435	19,317
Changes in inventories of finished goods and work in progress	1	178
Raw materials and consumables used	(4,220)	(15,862)
Employee and contract labour expenses	(276)	(852)
Depreciation and amortisation expenses	(245)	(725)
Finance costs	(49)	(146)
Other expenses	(649)	(2,329)
Profit/(loss) from discontinued operation before tax	**(3)**	**(419)**
Income tax expense	1	87
Profit/(loss) from discontinued operation	**(2)**	**(332)**
Loss on sale of discontinued operation	(1,568)	0
Less: Non-Controlling Interest	-	66
Profit/Loss from discontinued operations, net of tax	(1,570)	(266)
Basic earnings (loss) per share (cents per share)	(0.85)	(0.14)
Diluted earnings (loss) per share	(0.85)	(0.14)

The loss from the discontinued operation of $2 thousand (2018: loss of $332 thousand) is 80% attributable to the owners of the Company.

(b) Cash flows from (used in) Discontinued Operation

	2019 $'000	**2018 $'000**
Net cash used in operating activities	(492)	1,652
Net cash from investing activities	(29)	(318)
Net cash used in financing activities	(840)	(389)
Net cash flows for the year	**(1,361)**	**945**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

28. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual reporting periods beginning after 1 July 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following standards are expected to have an impact on the Group's financial statements in the period of initial application.

(a) AASB 16 Leases

The Group is required to adopt AASB 16 Leases from reporting periods commencing after 1 January 2019.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

(i) Transition

As a lessee, the Group can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group has chosen to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach.

Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance assets and liabilities at 1 July 2019, with no restatement of comparative information.

(ii) Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of rental properties, motor vehicle fleet and other equipment lease agreements. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for the right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In additional, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based on the information currently available the Group estimates that it will recognise additional right-of-use asset between $43.3 million to $51.2 million as at 1 July 2019. The Group does not expect the adoption of AASB 16 to impact its ability to comply with the existing leverage covenants.

(iii) Leases in which the Group is a lessor

The Group is not required to make any adjustments for leases in which it is a lessor.

(b) AASB 112 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

(c) AASB 123 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

29. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to the reporting date which would have a material effect on the Group's financial statements for the year ended 30 June 2019.

Independent Auditor's Report

To the shareholders of MaxiTRANS Industries Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of MaxiTRANS Industries Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment of the ERP software ($26.9m) and recoverability of goodwill and other intangible assets ($44.3m)	
Refer to Note 7 Intangibles	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of the ERP software system (software), goodwill and other intangible assets for impairment, given the: • size of the balance (being 19.5% of total assets); and • market capitalisation of the Group being below the carrying amount of the net assets of the Group at year-end, increasing the possibility of software, goodwill and other intangible assets being impaired and increasing our audit effort in this area. In relation to the carrying value of the software, goodwill and other intangible assets we focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast cash flows, growth rates and terminal growth rates - the Group has experienced competitive market conditions in the current year and incurred a loss during the year; • discount rate - these are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time, and the model's approach to incorporating risks into the cash flows or discount rates. In addition to the above, the Group recorded an impairment charge of $26.9m against the software.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of software, goodwill and other intangible assets for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the value in use models to Board approved budget. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. • We challenged the forecast cash flows by comparing the financial year 2020 forecast cash flows to the historical actual growth in sales, gross profit and EBITDA. We used our knowledge of the Group, their past performance, business and customers. • We inspected post year-end management reporting accounts to compare actual performance to date against forecast for financial year 2020. • We considered the sensitivity of the models by varying key assumptions, such as financial year 2020 forecast cash flows, growth rates, terminal growth rates and discount rates, within a reasonably possible range, to identify

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	those CGUs at higher risk of impairment and to focus our further audit procedures. • We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We compared the trading multiples from comparable companies to the multiples from the Group's value in use models. • We assessed the Group's reconciliation of differences between the year-end market capitalisation and the carrying amount of the net assets by comparing the trading multiples from the models to trading multiples of comparable entities. • We recalculated the impairment charge for the software against the recorded amount disclosed. • We assessed the respective disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in MaxiTRANS Industries Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of MaxiTRANS Industries Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 10 to 16 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

23 August 2019