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 2021

Results for announcement to the market
(All comparisons to year ended 30 June 2020)

				$A'000
Revenues from ordinary activities [(1)]	up	11.1%	to	352,768
Net profit for the financial year from ordinary activities attributable to members of MaxiTRANS Industries Limited	up	112.9%	to	4,584
Profit after tax excluding significant items attributable to members of MaxiTRANS Industries Limited (also referred to as Underlying profit) [(2)]	up	2,266.8%	to	10,487

	2021	2020
Basic earnings per share (cents per share) [(1)]	2.48¢	-19.18¢
Diluted earnings per share (cents per share) [(1)]	2.48¢	-19.18¢
Net Tangible Assets Backing (cents per ordinary share)	34.56¢	30.54¢

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	nil	nil
Interim dividend – Ordinary shares	nil	nil
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 20 to 61.
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 2021

Financial Summary

			F2017	F2018	F2019 *	F2020	F2021
Revenue		$'000	340,072	409,312	352,537	317,599	352,768
EBITDA (excluding significant items)	(1)	$'000	21,439	20,931	14,157	14,681	27,111
EBIT (excluding significant items)	(1)	$'000	16,836	16,133	8,378	3,797	18,523
NPBT (excluding significant items)	(1)	$'000	14,520	13,659	5,687	(741)	13,653
NPAT (excluding significant items)	(1)(2)	$'000	10,695	10,077	4,809	443	10,487
Significant Items (net of tax)	(4)(5)(6)	$'000	–	–	(31,850)	(35,934)	(5,902)
NPAT – attributable to equity holders		$'000	10,695	10,077	(27,040)	(35,492)	4,584
Basic EPS	(3)	cents	5.78	5.44	-14.61	-19.18	2.48
Ordinary dividends/share declared		cents	3.5	3.5	0	0.0	0.0
Depreciation		$'000	3,541	3,713	3,116	9,271	7,185
Amortisation – leased assets		$'000	562	586	212	199	181
Amortisation – intangibles		$'000	500	499	2,205	1,414	1,222
Capex additions		$'000	8,354	14,486	7,383	3,095	6,147
Operating cash flow		$'000	4,445	19,767	(6,098)	31,387	31,826
NTA		$'000	91,210	98,801	77,544	56,516	63,958
Net assets		$'000	128,727	135,819	112,505	78,081	82,500
Interest bearing liabilities		$'000	47,697	50,661	43,925	37,647	17,250
Finance costs		$'000	2,316	2,474	2,643	2,106	1,180
Lease interest		$'000	–	–	–	2,444	3,691
Total bank debt		$'000	46,214	49,500	43,500	37,500	17,250
Net debt/equity		%	32%	30%	28%	16%	-6%
Interest cover (excluding significant items)		times	7.27	8.62	5.36	3.20	5.57

(*) F2019 results were re-stated with the inclusion of Impairment of Goodwill for $9.34m.

(1) EBIT, EBITDA, NPBT and NPAT excluding significant items are non-AASB 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.

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

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

(4) F2019 significant items relate to impairment loss on TRANSform ERP system of $18.82m, Impairment of Goodwill $9.34m, 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

(5) F2020 significant items relate to impairment of Trailers CGU Other non-financial assets $39.55m, Impairment of Goodwill $4.92m, $2.68m Acquisition, Disposal, Transaction and Litigation costs and $1.24m of redundancies

(6) F2021 significant items relate to impairment loss on remeasurement of disposal group held for sale $13.59m, Acquisition, Disposal, Transaction, Litigation costs $1.36m and $6.522 gain from settlement of ERP TRANSform litigation (net of legal fees)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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	(Director since September 2008 - Chairman since 30 June 2016)
Mr James R. Curtis	(Director since 1987 – Deputy Chairman since October 1994)
Mr Joseph Rizzo	(Director since June 2014; resigned 23 November 2020)
Ms Samantha Hogg	(Director since April 2016; resigned 19 March 2021)
Mr Dean Jenkins	(Managing Director since 1 March 2017)
Ms Mary Verschuer	(Director since January 2019)
Mr Greg Sedgwick	(Director since 19 March 2021)

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

On 1 July 2021, the Group acquired 20% of the shares and voting interests in Trout River and as a result, the Group's equity interest in Trout River increased from 80% to 100%, granting it control of Trout River.

On 23 July 2021 the Group announced its intention to sell the Trailer Solutions business. An Extraordinary General Meeting of shareholders is scheduled to vote on the transaction on 27 August 2021.

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 2021.

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 has announced its intention to dispose of the Trailers Solutions business, with the transaction transforming MXI into a dedicated commercials parts distribution business enabling the Group to have a less complex and more stable future platform to grow from.

The Group continued its focus on cash generation and debt reduction throughout FY21 finishing the year with a net cash position of $5.2m, a reduction of $17.3m from a net debt position of $12.1m in FY20. The reduction in net debt included a reduction of $20.25m in bank debt, enabled through strong operating cash inflows of $31.8m, or $21.7m after lease payments. The cash inflows for the year included a $7.2m payment in settlement of the TRANSform ERP litigation. The Australian Trailer operations were assisted in the first quarter of the financial year with the continuation of the Government assistance JobKeeper program totalling $4.6m. The JobKeeper assistance was materially the same as that received in FY20 and related solely to the Trailer Solutions business.

Parts Business - MaxiPARTS

The Parts business sells commercial vehicle parts at both a wholesale and trade level in Australia.

The trade business sells parts to road transport operators as well as commercial vehicle 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 part resellers and trailer manufacturers. At the end of FY21, MaxiPARTS operated 20 wholesale sites and retail stores.

The MaxiPARTS business experienced a 4.8% growth in total revenue which translated to a 34.2% increase in underlying NPBT as a result of continued focus on cost control. This revenue growth reflected a stronger end market for the Trailer Solutions business and a quicker than expected return to normal trading as COVID-19 impacts became better understood by the customer base. MaxiPARTS has showed an ability to weather the cycles while continuing to grow profitability.

MaxiPARTS operates as a key supplier to the Trailer Solutions manufacturing and service facilities, thus ensuring parts and component procurement is leveraging the Group's full scale, procurement and logistics capability. This trading relationship is not intended to materially change after the sale of the Trailer Solutions business, as a Supply Agreement will be in place with the Trailer Solutions business for a minimum term of 3 years.

Despite increasing supply side costs, the MaxiPARTS business was able to maintain Gross Margin year on year as increases were passed rapidly to the customer base.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

MaxiPARTS national footprint and significant breadth and depth of stock holdings continued to be a point of difference when compared to smaller competitors. As COVID-19 related global supply chain challenges escalated in the H2 of FY21 this benefit became more apparent.

Inventory management programs also continued to show success with inventory turns improving by 5% over the year despite taking some more conservative stocking decisions due to global supply disruption.

Trailer Solutions Business

While subject to variability of end markets, the Trailer Solutions business remains a leader in the segments in which it operates. The segment 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 and licensed dealerships provides a full solution including after sales service and parts to customers.

Underlying Net Profit before tax for the segment increased by $12.4m as a result of higher revenues and the operating leverage this generated.

Trailer Solutions revenue in the year increased by 16.1% predominantly due to changes to logistical transport needs as a result of COVID-19 and the return to positive agricultural market conditions.

The increased revenue and associated earnings were offset somewhat by increased leasehold and start up costs associated with the new manufacturing plant in Brisbane.

FINANCIAL REVIEW

Sales

Total revenue increased by 11.1% for the year to $352.7 million.

The Parts business recorded a 4.8% revenue increase to finish FY21 with total revenue of $137.1m (which includes the sales to Trailer Solutions business), and external revenue of $116.1 million and the Trailer business increased revenue by 16.1% to finish FY21 at $236.6 million.

Profit

Underlying NPBT was $13.7 million and increase of $14.4m over the prior period loss of ($0.7m).

Reportable NPAT for FY21 of $4.6m includes the following significant items (pre-tax) for the period:

- Impairment on remeasurement of disposal group of ($13.6m)
- ERP TRANSform litigation settlement of $7.2m
- Transaction and litigations costs of ($2.0m)

Cash Generation & Capital Management

The Group ended the year with a positive net cash position of $5.2m an improvement of $17.1m over the FY20 net debt position of $12.1m.

The Group's focus on cash generation ensured ongoing control over working capital. This followed the delivery of significant improvements to working capital during FY20 through reduction in inventory and debtors.

During FY21 the Group also received cash inflows for TRANSform ERP litigation settlement of $7.2m, JobKeeper funds of $4.6m as well as the utilisation of $2.7m in carried forward tax losses for the prior period.

Cash inflows were utilised to pay down $20.3m in drawn debt, along with funding the fitout of the new Brisbane manufacturing facility and completing the last remaining items of the TRANSform ERP project.

External Financing Facilities

During FY21, the Group reduced the available facility to $24.0m. This facility is sufficient to support the business in its current form. The facility is currently drawn to $17.25 million with a Net Cash position at 30 June 2021 of $5.2 million.

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 FY21, the Group continued to deliver its risk management maturity roadmap to address the latest requirements of global risk management standard ISO31000:2009.

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:

- COVID-19 effect on the Group's operations, customers, suppliers, and the global economy
- 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

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

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;
- 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.

HEALTH & SAFETY

MaxiTRANS has continued its focus of improving health and safety outcomes for our people. While injury rates for more severe injuries (Lost Time Injuries) continued to improve with a 17% year on year reduction, total recordable injury rates increased in the year by 28%. This increasing trend in less severe injuries resulted in management developing number of interventions through the second half of the year. With COVID-19 restrictions making management present on sites more sporadic than usual, a series of virtual Safety Leadership 101 programs were initiated and a focus on leading indicators of safety saw a significant increase in hazard reporting. While the last 4 months of the year showed a return to improving trends, the safety performance is one which the board recognises needs to improve.

Sending all our People home Safely remains a core value of the Board and it will continue to monitor, the Group's health and safety performance on a monthly basis.

STRATEGY

The board and management team have focussed over recent times on balance sheet repair and cash generation. The success of this activity has enabled the board to review the best shape of the business going forward and how to best achieve value for the shareholders. To this end the board has determined the most appropriate way to do this is the sell the Trailer Solutions business.

Upon completion of the Trailer Solutions transaction and armed with a strong balance sheet, the MaxiPARTS business will focus on organic growth opportunities while being active and aware to inorganic opportunities which may arise. The organic growth focus will be:

- Operational excellence that will continue to drive inventory control programs and introduce a new e-commerce platform to drive online sales over the medium term.
- Improving product portfolio by adding additional lines to the existing brand position.
- Reviewing the geographic footprint in Australia to sensibly grow presence in areas which support additional stores which have the capability to provide scale to support good returns in their own right.
- Continue investing in Inclusion and Diversity programs, supported by continuation of our front line and senior leaders development program; and
- Underlying this will be a continued focus on improving our safety performance (both physical and mental) to not only ensure we send our people home safely but that MaxiPARTS' products are designed to also send our customer's people home safely.
- In the short term MaxiPARTS is expecting continuing Commercial Aftermarket parts distribution company consolidation and will remain active in the search for opportunities which add to geographic reach or product line expansion which can benefit from MaxiPARTS national footprint.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

OUTLOOK

The Group is looking forward to the successful completion of the sale of the Trailer Solutions business and properties, with an Extraordinary General Meeting of shareholders scheduled to vote on the transaction on the 27 August 2021 and the anticipated settlement of agreements shortly thereafter. The group is currently undertaking significant transitional services efforts in preparation of separating the Trailers Solutions and MaxiPARTS business and it is expected that transitional services will continue for two to three months following completion.

A standalone MaxiPARTS will have a stronger financial platform from which to develop its market leading position and greater financial flexibility for network expansion as well as industry consolidation It will also be a less and more focussed business with a simplified corporate structure.

Following the sale of Trailers and the properties and the payment of the special dividend to shareholders, MXI will be in a strong financial position, with forecast positive net cash (before AASB 16 lease liabilities). This will enable MXI to pursue organic and inorganic strategies to accelerate the growth of MaxiPARTS and create future shareholder value.

The Group is already planning the addition of a new retail site in Erskine Park, Sydney in the early part of FY22, with plans to add a further greenfield site in H2 FY22. The renewal of MaxiPARTS network development activity will support accelerated growth over the medium to long term.

While COVID-19 related lockdowns do impact the MaxiPARTS business for short periods, they have so far not been material to the overall business performance. Rather, ongoing increase in the freight task during COVID-19 will underpin the consistent growth performance of the MaxiPARTS business.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

Information of Directors

Mr. Robert H. Wylie	Chairman, Independent Non-Executive, (appointed 30 June 2016), Age 71 Director (appointed 2 September 2008)
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:	250,491 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
Mr. Dean S Jenkins	Managing Director, Executive, Age 49
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:	457,000 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil
Mr James R. Curtis	Deputy Chairman, Non-Executive, Age 86
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:	25,930,222 ordinary shares beneficially held.
Options over Ordinary Shares:	Nil

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

Ms. Mary Verschuer	Independent Non-Executive Director, Age 60
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 NED at Forestry Corporation a NSW state owned corporation, 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 (now Epsilon Healthcare ASX:EPN) and Nuplex Industries Limited (ASX:NPX) (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:	Chair of the Audit and Risk Management Committee, Member of the Remuneration & Human Resources Committee and Nomination Committee.
Interest in Shares:	63,000 ordinary shares beneficially held
Options over Ordinary Shares:	Nil
Mr Greg Sedgwick	Independent Non-Executive Director, Age 60
Qualifications & Experience:	Master of Commerce (University of NSW), Bachelor of Commerce (Marketing) (University of NSW), Corporate Finance Program (University of Oxford), Leadership Development Program (INSEAD), Strategic Marketing Program (Columbia University) and a Fellow of the Australian Institute of Company Directors. Appointed non-executive director March 2021. Currently the Chair of Next Gen Clubs, a health and racquet club business and Ampcontrol, a technology and engineering firm servicing the mining, infrastructure and medical markets internationally. Mr Sedgwick has over 30 years of global senior management experience across a range of industries, including as a senior executive reporting to the Board of BOC and as CEO of ASX listed Crane Group Limited.
Special Responsibilities:	Chair of Remuneration & Human Resources Committee, member of the Audit & Risk Management Committee and Nomination Committee
Interest in Shares:	Nil
Options over Ordinary Shares:	Nil

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

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	15	15	7	7	4	4	1	1
James Curtis	15	13	7	7	4	3	1	1
Joseph Rizzo	7	7	3	3	1	1	-	-
Samantha Hogg	12	12	6	6	3	3	1	1
Mary Verschuer	15	15	7	7	3	3	1	1
Greg Sedgwick	4	4	2	2	1	1	-	-
Dean Jenkins	15	15	7	7	4	4	1	1

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

Remuneration Report

Dear Shareholders,

On behalf of the Board, I am pleased to present the FY21 Remuneration Report. This report sets out the remuneration information for our Non-Executive Directors and Key Management Personnel ("KMP") and describes our approach to remuneration. Our remuneration approach has been set to align with our broader business strategy to grow the business and deliver shareholder value. Through short and long-term variable reward programmes, it aims to reward Executives for delivering target financial outcomes and improved shareholder value.

As the FY21 results are prepared on the basis that the sale of the Trailer Solutions business has been successfully completed, the Performance Grants for the KMPs who will exit the business on completion of the transaction have been reported in the FY21 Remuneration Report as lapsed.

As we move into FY22 and plan for the simpler MaxiPARTS business, the Remuneration and Human Resources Committee is looking to update the Group's objectives, priorities and conditions of the remuneration of our KMPs to focus on the growth objectives of the MaxiPARTS business.

Greg Sedgwick
Chair, Remuneration & Human Resources Committee

1. Approach to remuneration

MaxiTRANS' remuneration approach is set in line with the business and talent strategy in order to ensure MaxiTRANS attracts and retains the right talent to drive the business forward. The Executive package is based on 3 remuneration components, that make up the Total Remuneration Package (details of each component are explained in the table below). Our approach is reviewed every year to ensure that it is still relevant and competitive. During FY21 the approach was as follows:

Remuneration Component	Description	Objectives	Priorities & Conditions
Fixed	Includes fixed pay and superannuation	Intended to be market competitive to attract and retain talented executives	Based on skills and experience. Recognises level of the executive's contribution based on the size of the organisation.
Short Term Incentive (STI)	A variable, at-risk cash incentive calculated by reference to current year performance	Designed to drive performance across Company priorities year on year.	4 Key Priorities with Annual Financial Results being the highest priority and Strategy, People, and Safety carrying different weightings depending on the nature of the role. This program is subject to the Group meeting its budgeted net profit after tax ("NPAT") before any incentive is payable.
Long Term Incentive (LTI)	An annual grant of Performance Rights which, if they vest on the achievement of specific long-term performance hurdles, give the right to be issued a number of ordinary shares in the Company	Designed to incentivise executives to manage the business in a way that drives sustainable long-term growth in shareholder value	A % Return On Invested Capital ("ROIC") increase over the 3 year period from date of grant. See section 3 below for further detail.

With the sale of the Trailer business, the Board plans to revisit the variable remuneration objectives and priorities and conditions of the MaxiPARTS business for FY22.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

2. Alignment of FY21 variable remuneration outcomes to performance

Rem Component & Conditions	Link to Company Performance
STI - Drives annual Company performance against 4 priorities – Strategy Deployment, People, Safety and Annual Financial Results	The net profit after tax hurdle was achieved. Consideration was given as to whether this outcome was substantially influenced by JobKeeper payments and given that it was not the decision was taken to base payments on the achievement of performance targets. Discretion was considered but there were no matters warranting a change to the formulaic calculation.
LTI – A yearly % ROIC increase drives Executives to manage the business in a way that creates long term shareholder value	The performance rights issued in 2018 were due to vest this year. The target ROIC for those performance rights was 8.32%. The actual ROIC was 4.81%. Therefore, after determining there was not a reasonable case for applying discretion those performance rights did not vest.

3. Long Term Incentive Program (LTI Program)

a. Who participates?

At the discretion of the Board, senior managers and executive directors of the Company are invited to participate in the LTI Program.

b. What type of awards are granted?

Performance rights are granted to participants. Each performance right will, on its exercise, entitle the holder to receive one fully paid ordinary share in the Company, which will rank equally with all other existing fully paid ordinary shares. The exercise of a performance right is subject to certain performance hurdles being met.

c. How is the size of the award calculated?

An award of performance rights is calculated by reference to a participant's remuneration package. In FY21 the Managing Director received performance rights equal to 25% of his total remuneration package. For other participating executives, the value of their performance rights was 20% of their total remuneration package.

d. How is the number of rights to be awarded calculated?

The number of performance rights a participant receives is calculated on a "face value" basis by dividing the participant's performance right entitlement by the Company's share price. The share price is determined using the volume weighted average price (VWAP) over the first month of the financial year in which the rights are granted (ie, for rights granted with a FY21 base, the July 2021 VWAP is used). This is on the basis that the start of the financial year is the starting point for measuring the achievement of the LTI Program target.

e. What is the performance period?

Performance rights are tested over a three year period. Awards made in FY21 will be tested over the period 1 July 2020 to 30 June 2023.

f. What is the performance hurdle?

Up to and including FY21, the performance rights will vest and be exercisable only if the performance hurdle attached to the performance rights is satisfied.

The performance hurdle for all performance rights on issue is return on invested capital ("ROIC"). ROIC is calculated by taking a company's net operating profit less adjusted taxes ("NOPLAT") and dividing it by the invested capital. ROIC is seen as the most appropriate measurement of management's performance to focus the right attention on the efficient use of capital within the business.

The performance hurdle for all performance rights currently on issue is to achieve the target average ROIC over a period of 3 years. A sliding scale will apply for partial attainment of the performance hurdle. The minimum target is 67% of the targeted improvement in ROIC, which must be achieved before any of the performance rights vest, at which point 50% of the performance rights will vest. 100% of the performance rights will vest if the target ROIC is fully achieved or exceeded.

Any unvested performance rights will lapse.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

g. Other key features

The Board has discretion to determine award outcomes for participants in certain circumstances, such as when an executive retires.

As at the date of the report (and assuming that the sale of the trailer business completes, and the performance rights of the departing executives therefore lapse) there are 1,382,645 performance rights on issue under the Performance Rights Plan, all of which are held by Mr Peter Loimaranta.

4. FY20 LTI Outcomes

Performance rights granted in 2018 were tested against the ROIC performance hurdle over the period 1 July 2018 to 30 June 2021 with a ROIC target in FY21 of 8.32%. The ROIC for FY21 was 4.81%. Therefore, the Performance Rights granted in 2018 will not vest.

5. Managing Director Remuneration mix

The Managing Director's total available remuneration ("TAR") consists of:

- Fixed component of $815,124 inclusive of superannuation and allowances, comprising 60% of TAR;
- STI component, comprising 15% of TAR; and
- LTI component, comprising 25% of TAR.

6. FY20 Managing Director STI Outcomes

The Managing Director's STI for FY21 are summarised below:

Objective	Measure	STI Weighting	Performance
Overall hurdle:	Deliver budgeted NPAT for the Group	Hurdle	Met
Strategy: Deliver FY21 Strategic Milestones to at least 75% of plan	Deliver the Group Strategic Plan	15%	20%
People: Enable and empower people to achieve results resulting in an overall increase in engagement to 60%	Engagement Score of 60%	15%	7.5%
Annual Results: Deliver the operating metrics as per the FY21 Annual Operating Plan	NPAT	55%	110%
Safety: Develop and deliver the Business HSEQ improvement plan	20% reduction in TRIFR	15%	Not met

The Managing Director has been awarded an STI of 137.5% of target and will be paid $280,500 in relation to FY21. The NPAT target and the resulting performance outcome for FY21was not affected by any JobKeeper payments received.

FY21 STI Outcome

STIs were awarded to all KMPs in relation to their performance during the FY21 period. The total of STIs awarded to KMP's (other than the Managing Director) for the FY21 performance is $306,105.

7. Relationship between remuneration and Company performance

The following table sets out Company performance and the average STI payments (as a % of the maximum payment) made to KMP over the last 4 years.

	FY21	FY20	FY19	FY18	FY17
Reported NPAT ($'000)	$4,584	($35,492)	($27,040)	$10,077	$10,695
NPAT (excluding significant items ($'000)	$10,487	$486	$4,809	$10,077	$10,695
STI awarded to MD	137.5%	Nil	Nil	Nil	Nil

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

8. 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 Non-Executive Directors of comparable companies.

Directors' base fees (inclusive of superannuation) for the year were unchanged from the previous financial year at $75,000 per annum for non-executive directors (other than the Chairman) and $140,000 for the Chairman.

As reported in the FY20 Remuneration Report, given the effect of COVID-19 on the underlying MaxiTRANS business, the Board and Management focused on optimising cash generation and conservation over the closing months of FY20. As the Board announced on 3 April 2020, the Board determined that for a 4 month period commencing on 1 April 2020, the Non-Executive Directors would take a 20% reduction in Director's fees. This adjustment continued into FY21 and resulted in total fees paid for the year of $235,775 for Non-Executive Directors and $125,723 for the Chairman.

Non-Executive Directors do not receive performance related remuneration and are not entitled to participate in the STI or LTI programs. Directors' fees cover all main board activities and membership or chairing of all committees. Non-Executive Directors are not entitled to any retirement benefits.

9. Details of remuneration and service contracts

It is the Group's policy that Employment agreements 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 six months' pay in lieu of notice.

The Group has entered into employment agreements 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 Director and senior Executives but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year and 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 Group's Executive Remuneration Policy including performance related objectives if applicable.

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 agreement 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 represents general market practice. The Managing Director has no entitlement to a termination payment, other than those minimal entitlements required by law (including any leave entitlements and superannuation) 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 six months' notice. The Company may make a payment in lieu of notice of six months, equal to base salary and superannuation.

Given the effect of COVID-19 on the underlying MaxiTRANS business, the Board and Management focused on optimising cash generation and conservation over the closing months of FY20. As the Board announced on 3 April 2020, the Board determined that for a 4 month period commencing on 1 April 2020, and continuing into FY21, the following changes took place for all Key Management Personnel:

1. 25% reduction in Managing Director's cash payments made up of 20% deferral and 5% salary reduction; and
2. 20% salary deferral for other key management personnel.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

10. Amounts of remuneration

Details of the nature and amount of each major element of remuneration for 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
		Year	Salary & fees $	STI (i) $	Non-cash $	Super $	PRs (ii) $	$	$	%	%
DIRECTORS											
Non-executive											
Mr R Wylie		2021	125,723	-	-	11,944	-	-	137,667	0.0%	0.0%
Chairman		2020	121,461	-	-	11,539	-	-	133,000	0.0%	0.0%
Mr J Curtis		2021	67,352	-	-	6,398	-	-	73,750	0.0%	0.0%
		2020	65,069	-	-	6,182	-	-	71,250	0.0%	0.0%
Mr J Rizzo	(iii)	2021	33,105	-	-	3,145	-	-	36,250	0.0%	0.0%
		2020	65,069	-	-	6,182	-	-	71,250	0.0%	0.0%
Ms S Hogg	(iv)	2021	48,472	-	-	4,605	-	-	53,077	0.0%	0.0%
		2020	65,069	-	-	6,182	-	-	71,250	0.0%	0.0%
Ms M Verschuer		2021	67,352	-	-	6,398	-	-	73,750	0.0%	0.0%
	(v)	2020	65,069	-	-	6,182	-	-	71,250	0.0%	0.0%
Mr G Sedgwick	(vi)	2021	19,494	-	-	1,852	-	-	21,346	0.0%	0.0%
		2020	-	-	-	-	-	-	-	0.0%	0.0%
Executive											
Mr D Jenkins		2021	681,696	280,500	174	68,561	(96,170)	40,000	974,760	18.9%	-9.9%
Managing Director		2020	647,431	-	409	65,306	66,187	40,000	819,333	8.1%	8.1%
EXECUTIVES											
Mr T Bradfield	(x)	2021	346,949	143,336	-	32,960	(8,550)	130,900	645,595	20.9%	-1.3%
Chief Financial Officer	(vii)	2020	332,500	-	-	31,587	9,198	-	373,285	2.5%	2.5%
Mr P Loimaranta Group General Manager – MaxiPARTS and New	(x)	2021	321,638	129,060	-	32,960	62,461	155,934	702,052	27.3%	8.9%
Zealand		2020	308,243	-	758	33,774	23,692	25,305	391,772	6.0%	6.0%
Mr T Negus Group General Manager –		2021	369,354	33,709	-	35,089	(39,238)	-	398,914	-1.4%	-9.8%
Manufacturing		2020	353,972	-	-	35,397	27,009	-	416,379	6.5%	6.5%
Mr A McKenzie Group General		2021	-	-	-	-	-	-	-	0.0%	0.0%
Manager – Sales and Marketing	(viii)	2020	144,218	-	-	32,140	-	288,840	465,198	0.0%	0.0%
Mr J O'Brien		2021	-	-	-	-	-	-	-	0.0%	0.0%
General Manager – MaxiParts	(ix)	2020	21,715	-	-	5,521	-	32,167	59,403	0.0%	0.0%

(i) STI entitlement is 15% of total remuneration for the Managing Director and 20% of total remuneration for the remaining individuals listed above. The short-term cash incentives disclosed above are for the amounts to be paid within 12 months of year-end relating to services received during the year. 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, and for some, an adjustment is made to reflect the actual and /or likely number that will vest based upon the assessment of applicable non-market based Performance Conditions. An adjustment may result in a negative value to reflect the change from the prior period of the number estimated to vest. Further details in respect of PRs are contained in section 3 of the Remuneration Report. Details of PRs vested during the period are contained in Note 15 – Share Based Payments.

(iii) Mr J Rizzo resigned on the 23 November 2020.

(iv) Ms S Hogg resigned on the 19 March 2021.

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

(vi) Mr G Sedgwick was appointed on the 19 March 2021.

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

(viii) Mr A McKenzie's position was made redundant effective 20 December 2019.

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

(x) Other payments for the year ended 30 June 2021 for Mr T Bradfield and Mr P Loimaranta included a retention payment that was put in place to ensure continuity of service during the Board's strategic review.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

Share based payments granted as remuneration

Details of the vesting profile of the Performance Rights granted as remuneration to each of the Company directors and other key management personnel of the Group during FY21 are set out below.

	Date granted	Number granted	Vesting Date	Number vested during year	Fair value at grant date
D Jenkins	23 Nov 2020 25 Oct 2019 19 Oct 2018	2,486,842 1,118,568 630,119	30 June 2023 30 June 2022 30 June 2021	lapsed lapsed nil	$0.219 $0.4391
T Bradfield	25 Nov 2020 25 Oct 2019	954,233 428,691	30 June 2023 30 June 2022	lapsed	$0.219
P Loimaranta	23 Nov 2020 25 Oct 2019 19 Oct 2018	953,613 428,412 216,558	30 June 2023 30 June 2022 30 June 2021	nil	$0.219 $0.4391
T Negus	23 Nov 2020 25 Oct 2019 19 Oct 2018	1,015,856 456,376 257,089	30 June 2023 30 June 2022 30 June 2021	lapsed lapsed lapsed	$0.219 $0.4391

The performance rights held by Mr Jenkins, Mr Bradfield and Mr Negus are taken to have lapsed, as they will exit the business on completion of the sale of the trailer business.

The performance rights held by Mr Loimaranta from 2019 and 2020 will have the performance hurdles updated to acknowledge the different expectations of the MaxiPARTS business.

See section 3 above in relation to the terms of Performance Rights.

The estimated maximum value of Performance Rights on issue for future years is the current share price. This is subject to future movements in the share price. The estimated minimum value is $nil.

Unissued shares under rights

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

CONSOLIDATED RESULTS AND SHAREHOLDER RETURNS

	2021	2020	2019	2018	2017
Net profit/(loss) attributable to equity holders of the parent	$4,584,440	($35,491,742)	($27,040,121)	$10,076,812	$10,694,940
Basic EPS(1)	2.48¢	(19.18¢)	(14.61¢)	5.44¢	5.78¢
Dividends declared	-	-	-	$6,477,648	$6,477,648
Dividends declared per share	0.0¢	0.0¢	0.0¢	3.50¢	3.50¢
Share price	48.0¢	12.0¢	29.0¢	51.0¢	67.0¢

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

Directors' and executives' shareholdings

The movements in holdings of shares in the Company held directly, indirectly or beneficially at the reporting date are set out below:

2021 Shares				
MaxiTRANS Industries Limited	**Held at 1 July 2020**	**Purchases**	**Sales**	**Held at 30 June 2021**
Directors:				
Mr D Jenkins	457,000	-	-	457,000
Mr J Curtis	25,930,222	-	-	25,930,222
Mr R Wylie	250,491	-	-	250,491
Mr J Rizzo[1]	180,711	-	-	180,711
Ms M Verschuer	63,000	-	-	63,000
Executives:				
Mr P Loimaranta	298,553	-	-	298,553
Mr T Negus	50,000	-	-	50,000

1. Mr J Rizzo resigned on the 23 November 2020.

Ms Hogg, Mr Sedgwick and Mr Bradfield do not hold any shares as at 30 June 2021.

2020 Shares				
MaxiTRANS Industries Limited	**Held at 1 July 2019**	**Purchases**	**Sales**	**Held at 30 June 2020**
Directors:				
Mr D Jenkins	287,000	170,000	-	457,000
Mr J Curtis	25,547,972	382,250	-	25,930,222
Mr R Wylie	121,904	128,587	-	250,491
Mr J Rizzo[1]	180,711	-	-	180,711
Ms M Verschuer	63,000	-	-	63,000
Executives:				
Mr P Loimaranta	258,553	40,000	-	298,553
Mr T Negus	50,000	-	-	50,000

1. Mr J Rizzo resigned on the 23 November 2020.

Ms Hogg resigned on the 19 March 2021 and did not hold any shares as at 30 June 2020

Mr Bradfield did not hold any shares as at 30 June 2020

End of Remuneration Report

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2021

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 seven 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 $137,000 (2020: $94,500) 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

FOR THE YEAR ENDED 30 JUNE 2021

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 2021 $	Consolidated 2020 $
KPMG Australia:		
– auditing and reviewing the financial statements - Group	451,718	467,827
– auditing and reviewing the financial statements - controlled entities	37,084	-
– other services (taxation and advisory)	261,696	136,070
	750,498	**603,897**
Overseas KPMG Firms:		
– auditing and reviewing financial statements	-	42,084
– other services (taxation and advisory)	18,090	10,625
	18,090	**52,709**
Total auditor remuneration	**768,588**	**656,606**

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

FOR THE YEAR ENDED 30 JUNE 2021

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.

R H Wylie

Mr. Robert H Wylie, Director

Mr. Dean Stuart Jenkins, Director

Dated this 20th day of August 2021

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 2021 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

KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

20 August 2021

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

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 63, 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 2021 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 19 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 2021.

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.

R H Wylie

Mr. Robert H Wylie, Director

Mr. Dean Stuart Jenkins, Director

Dated this 20th day of August 2021

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

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Note	2021 $'000	Restated * 2020 $'000
Continuing Operations			
Sale of goods	2(a)	114,588	112,746
Changes in inventories of finished goods and work in progress		39	(134)
Raw materials and consumables used		(76,633)	(75,708)
Other income	2(d)	7,238	40
Employee and contract labour expenses	2(b)	(19,735)	(18,400)
Warranty expenses	10	(39)	(274)
Depreciation and amortisation expenses	2(c)	(4,017)	(4,186)
Finance costs	2(c)	(2,198)	(3,339)
Other expenses	2(c)	(10,918)	(12,427)
Impairment loss - goodwill		-	(3,730)
Profit/(Loss) before income tax from continuing operations		**8,325**	**(5,412)**
Income tax (expense)/benefit	3(a)	(2,636)	535
Profit/(Loss) from continuing operations		**5,689**	**(4,877)**
Loss from discontinued operations net of tax	25	(1,105)	(30,615)
Profit/(Loss)for the year		**4,584**	**(35,492)**
Profit attributable to:			
Equity holders of the Company		4,584	(35,492)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Profit/(Loss) for the year		4,584	(35,492)
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		18	(140)
Cashflow hedge reserve		228	28
Items that will never be re-classified to profit or loss:			
Revaluation of land and buildings		(396)	1,476
Related income tax		119	(443)
Other comprehensive income for the year, net of tax		(31)	921
Total comprehensive income for the year		**4,553**	**(34,571)**
Total comprehensive income attributable to: Equity holders of the Company		4,553	(34,571)
Earnings / (Loss) per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)		2.48	-19.18
Diluted earnings per share (cents per share)		2.48	-19.18
Earnings / (Loss) per share from continuing operations:			
Basic earnings per share (cents per share)		3.07	-2.64
Diluted earnings per share (cents per share)		3.07	-2.64

* The comparative information is restated due to the discontinued operation. See note 25.

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 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
AS AT 30 JUNE 2021	**Note**	**2021 $'000**	**2020 $'000**
Current Assets			
Cash and cash equivalents		22,442	25,523
Trade and other receivables	4	33,068	26,545
Inventories	5	27,148	58,361
Current tax assets	3(c)	-	1,954
Other		261	1,898
Assets held for sale	25	110,924	-
Total Current Assets		**193,843**	**114,281**
Non-Current Assets			
Investment in associates and Joint Ventures		-	11,154
Property, plant and equipment	6	1,901	29,465
Intangible assets	7	7,633	21,565
Right of use asset	22	16,846	25,231
Deferred tax assets	3(b)	20,924	19,846
Total Non-Current Assets		**47,304**	**107,261**
Total Assets		**241,147**	**221,542**
Current Liabilities			
Trade and other payables	8	44,522	41,154
Other Liabilities		-	4,490
Interest bearing loans and borrowings	9	-	147
Current tax liability	3(c)	576	-
Provisions	10	3,201	12,113
Lease liability	22	3,379	7,362
Liabilities held for sale	25	75,186	-
Total Current Liabilities		**126,864**	**65,266**
Non-Current Liabilities			
Interest bearing loans and borrowings	9	17,250	37,500
Provisions	10	269	1,007
Lease liability	22	14,264	39,688
Total Non-Current Liabilities		**31,783**	**78,195**
Total Liabilities		**158,647**	**143,461**
Net Assets		**82,500**	**78,081**
Equity			
Issued capital	11	56,386	56,386
Other reserves		16,182	16,348
Accumulated Loss		(52,006)	(45,631)
Profits Reserve		61,938	50,978
Equity attributable to equity holders of the Company		**82,500**	**78,081**
Total Equity		**82,500**	**78,081**

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 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Issued capital	Asset revaluation reserve1	Accumulated Loss	Profits Reserve *	Other reserves 2	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2020		56,386	13,997	(45,631)	50,978	2,351	78,081
Comprehensive income for the year							
Profit for the year		-	-	-	4,584	-	4,584
Other comprehensive income							
Net exchange differences on translation of financial statements of foreign operations		-	-	-	-	18	18
Revaluation of land and buildings (net of tax)		-	(278)	-	-	-	(278)
Cashflow hedge reserve (net of tax)		-	-	-	-	228	228
Total comprehensive income for the year		**-**	**(278)**	**-**	**4,584**	**246**	**4,552**
Transactions with owners recorded directly in equity							
Dividends to equity holders		-	-	-	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**
Share-based payment transactions	15	-	-	-	-	(133)	(133)
Transfer to accumulated losses		-	-	(6,374)	6,374	-	-
Balance at 30 June 2021		**56,386**	**13,719**	**(52,005)**	**61,936**	**2,464**	**82,500**

* Amounts transferred to/from the profits reserve characterise profits available for distribution as dividends in future years and reflects the amounts transferred by individual entities in the Group and is therefore not necessarily equivalent to the consolidated Group loss for the year

1. Asset revaluation reserve
   The asset revaluation reserve includes the revaluation increments arising from the revaluation of land and buildings. All land and buildings are held for sale as at 30 June 2021, refer to note 25 for further details.

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

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Note	Issued capital $'000	Asset revaluation reserve[1] $'000	Accumulated Loss $'000	Profits Reserve* $'000	Other reserves [2] $'000	Total $'000
Balance at 1 July 2019		56,386	12,964	-	40,841	2,314	112,505
Comprehensive income for the year							
Loss for the year		-	-	-	(35,494)	-	(35,494)
Other comprehensive income							
Net exchange differences on translation of financial statements of foreign operations		-	-	-	-	(140)	(140)
Revaluation of land and buildings (net of tax)		-	1,033	-	-	-	1,033
Cashflow hedge reserve (net of tax)		-	-	-	-	28	28
Total comprehensive income for the year		**-**	**1,033**	**-**	**(35,494)**	**(112)**	**(34,573)**
Transactions with owners recorded directly in equity							
Dividends to equity holders		-	-	-	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**
Share-based payment transactions	15	-	-	-	-	149	149
Transfer to accumulated losses		-	-	(45,631)	45,631	-	-
Balance at 30 June 2020		**56,386**	**13,997**	**(45,631)**	**50,978**	**2,351**	**78,081**

* Amounts transferred to/from the profits reserve characterise profits available for distribution as dividends in future years and reflects the amounts transferred by individual entities in the Group and is therefore not necessarily equivalent to the consolidated Group loss for the year

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		413,878	412,232
Payments to suppliers and employees		(380,871)	(382,546)
Interest received		-	44
Interest and other costs of finance paid		(1,181)	(2,106)
Net Income tax refund		-	3,763
Net cash provided by operating activities	19	**31,826**	**31,387**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,147)	(3,094)
Payments for intangibles		(1,046)	(2,260)
Dividends received		2,626	2,244
Proceeds from sale of property, plant and equipment		-	59
Net cash used in investing activities		**(4,567)**	**(3,051)**
Cash flows from financing activities			
Repayment of borrowings		(20,250)	(12,660)
Proceeds from borrowings		-	6,660
Payment of leases		(10,090)	(8,738)
Net cash used in financing activities		**(30,340)**	**(14,738)**
Net decrease/(increase) in cash		(3,081)	13,598
Cash and cash equivalents at beginning of year		25,523	11,925
Cash and cash equivalents at end of year		**22,442**	**25,523**

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements and includes cash flows from both continuing and discontinued operations. Refer to note 25 for the cash flows relating to discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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 20 August 2021.

The relevant Australian Accounting Standards and Interpretations that became effective and that were early adopted by the Group since 30 June 2020 were:

- Covid-19 related rent concessions

AASB 2021-3 extends the practical expedient introduced by AASB 2020-4 permitting lessees not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Group elected to early adopt amendment AASB 2021-3 consistent with the early adoption of AASB 2020-4 last financial year. The early adoption of AASB 2021-3 did not have a significant impact on the Group's consolidated financial statements.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and reduced by dividends received, 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.

Land and buildings are recorded as assets held for sale as at 30 June 2021, the fair value is based on the market value determined by the arm's length transaction to sell the land and buildings.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Leased assets

Lease assets are accounted for as described in accounting policy (ac).

(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:

	2021	2020
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.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	2021	2020
Intellectual property	0-20 years	0-20 years
Software	5-10 years	5-10 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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 at a point in time upon satisfaction of the performance obligation by transferring control of the promised good to the customer.

(ii) Revenue from the rendering of services

Revenue from the rendering of services is recognised at a point in time 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

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Expenses

(i) 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.

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.

(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.

COVID-19

The ongoing COVID-19 pandemic has increased the uncertainty, generally, due to the impact of the following factors:

- the extent and duration of actions by governments, businesses and consumers to contain the spread of the virus; and

- a general increase in economic uncertainty. This includes the potential for disruption to capital markets, deteriorating credit, higher unemployment, and changes in consumer discretionary spending behaviours;

While the Directors are cautious in the current COVID-19 environment, order levels and sales activities across both the Trailer Solutions and MaxiPARTS segments has increased in the last 12 months.

Operations remain largely unaffected by restrictions with both the Trailer Solutions and Parts businesses continuing to be classified as an essential service and the continuation of the instant asset write-off program through temporary full expensing has assisted with increasing order activity within the Trailer Solutions business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial risk management

(iii) 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.

(iv) 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 2021 was -6% (2020: 17%). 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.

(y) 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.

(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.

(iv) Assets and liabilities held for sale

Assets and liabilities held for sale are measured at the lower of their carrying value and fair value less costs to sell. The fair value reflects the use of directly unobservable market inputs including assumptions about working capital.

(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.

Amounts received under Government COVID-19-related stimulus schemes are recognised as other income when confirmation that the payments will be

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

made is received and the Group has satisfied its obligations under the respective scheme. All such amounts are recorded in the consolidated statement of profit or loss on a gross basis.

(ac) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted from certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The Group is reasonably certain to exercise renewal options included in land and buildings leases, which significantly affects the amount of lease liabilities and right-of use assets recognised at the date of initial application.

(ad) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and represents a separate major line of business or geographic area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with the view to resale.

Classification as a discontinued operation occurs at the earlier of the disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(ae) Disposal group held for sale

Non-current assets and disposal groups (total assets and their associated liabilities) 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 asset and disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets and disposal groups 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.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

2. NOTES TO THE STATEMENT OF PROFIT AND LOSS

2a. Revenue

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.

Consolidated	2021 $'000	Restated* 2020 $'000
Type of Good or Service		
Sale of parts	114,588	112,746
Total Group Revenue	**114,588**	**112,746**
Geographical Market		
Australia	114,588	112,746
Total Group Revenue	**114,588**	**112,746**

* The comparative information is restated due to the discontinued operation. See note 25.

2b. Employee and Contract labour expenses

	Consolidated	
	2021 $'000	Restated* 2020 $'000
Employee and contract labour expenses:		
Employee expenses	19,138	17,746
Contract labour expenses	597	654
Total employee and contract labour expenses	**19,735**	**18,400**

* The comparative information is restated due to the discontinued operation. See note 25.

2c. Depreciation & Amortisation, Finance Costs and Other Expenses

	Consolidated	
	2021 $'000	Restated* 2020 $'000
Depreciation and Amortisation		
Depreciation	546	635
Lease Depreciation	3,471	3,551
Total Depreciation and Amortisation	**4,017**	**4,186**
Finance Costs		
Interest Expenses	1,177	2,106
Lease Interest	1,021	1,233
Total Finance Costs	**2,198**	**3,339**
Other Expenses		
Other Expenses	10,918	12,427
Total Other Expenses	**10,918**	**12,427**

* The comparative information is restated due to the discontinued operation. See note 25.

2d. Other Income

	Consolidated	
	2021 $'000	Restated* 2020 $'000
Legal settlement	7,200	-
Other income	38	40
Total Other Income	**7,238**	**40**

* The comparative information is restated due to the discontinued operation. See note 25.

The Company agreed to settle legal proceedings relation to the TRANSform Enterprise Resource Planning system for $7.20m in June 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

3. TAXATION

	Consolidated	
		Restated*
	2021	2020
	$'000	$'000
(a) Income tax		
Reconciliation of tax expense / (benefit) continuing operations		
Prima facie tax payable on profit / (loss) before tax at 30% (2020: 30%)	2,498	(1,624)
Add/(deduct) tax effect of:		
Non-deductible expenditure	71	13
Non-deductible impairment loss - Goodwill	-	1,119
Under/(over) provision in prior year	68	(44)
	139	1,088
Income tax expense / (benefit) in consolidated statement of profit or loss continuing operations	**2,636**	**(536)**
Income tax expense / (benefit) attributable to profit / (loss) is made up of:		
Current tax expense	1,490	(9,914)
Prior year under/(over) provision	45	(44)
Deferred tax expense	-	-
– origination and reversal of temporary difference	1,078	9,423
– prior year under/(over) – deferred differences	23	-
Income tax expense / (benefit) in consolidated statement of profit or loss continuing operations	**2,636**	**(536)**
Income tax benefit from discontinued operations	(2,000)	(13,887)
Income tax expense / (benefit) in consolidated statement of profit or loss	**636**	**(14,423)**
(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	5,268	3,437
– Property, plant and equipment	13,081	10,318
– Leases	6,186	6,764
– Intangible assets	(4,873)	(2,236)
– Inventory	486	617
– Other	776	946
Net deferred tax asset/(liability)	**20,924**	**19,846**
Balance at beginning of year	19,846	10,858
Recognised in profit or loss	893	9,423
Recognised in equity	185	(435)
Net deferred tax asset/(liability)	**20,924**	**19,846**

* The comparative information is restated due to the discontinued operation. See note 25.

(c) Current tax asset/(liability)

The Group's current tax asset of nil (2020: $1,954,227) and current tax liability of $575,680 (2020: nil) represents the amount of income taxes receivable/(payable) in respect of current and prior financial periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

4. TRADE AND OTHER RECEIVABLES

	Consolidated 2021			Consolidated 2020		
	Gross $'000	**Impairment $'000**	**Total $'000**	**Gross $'000**	**Impairment $'000**	**Total $'000**
Trade debtors						
Not past due	19,975	-	19,975	16,264	-	16,264
Past due 0 – 30 days	4,519	(19)	4,500	1,815	(1)	1,814
Past due 31 – 60 days	6,416	-	6,416	4,808	(3)	4,805
Past due over 61 days	2,304	(457)	1,847	2,294	(689)	1,605
Trade receivables	**33,215**	**(476)**	**32,738**	**25,181**	**(693)**	**24,488**
Other receivables			330			2,057
Total trade and other receivables			**33,068**			**26,545**

5. INVENTORIES

	Consolidated	
	2021 $'000	**2020 $'000**
Second–hand units – at net realisable value	-	1,367
Finished goods – at cost	28,440	43,425
Work in progress – at cost	-	4,597
Raw materials – at cost	-	11,256
Less: provision for decrease to net realisable value	(1,292)	(2,284)
Total inventories	**27,148**	**58,361**

6. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2021 $'000	**2020 $'000**
Land and buildings at fair value	-	25,700
Total land and buildings	**-**	**25,700**
Plant and Equipment		
Plant and equipment at cost	5,687	31,705
Accumulated depreciation and impairment losses	(4,485)	(31,135)
Subtotal plant and equipment	**1,202**	**570**
Office equipment at cost	4,392	9,635
Accumulated depreciation and impairment losses	(3,801)	(9,477)
Subtotal office equipment	**591**	**158**
Leased property, plant and equipment	147	1,020
Accumulated depreciation and impairment losses	(147)	(986)
Subtotal leased property, plant and equipment	**-**	**34**
Capital work in progress	108	3,003
Total plant and equipment	**1,901**	**3,765**
Total property, plant and equipment	**1,901**	**29,465**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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	
	2021 $'000	**2020 $'000**
Land and buildings		
Carrying amount at the beginning of the financial year	25,700	24,300
Fair value revaluation	(393)	1,476
Depreciation	(114)	(76)
Transfer to held for sale	(25,193)	-
Carrying amount at the end of the financial year	**-**	**25,700**
Plant and equipment		
Carrying amount at the beginning of the financial year	570	13,577
Additions	2,860	221
Transfer to inventories	(112)	(4,845)
Transfers from capital works in progress	2,784	526
Disposals	(1,333)	(24)
Depreciation	(986)	(1,710)
Impairment	-	(7,162)
Foreign currency movement	30	(13)
Transfer to held for sale	(2,611)	-
Carrying amount at the end of the financial year	**1,202**	**570**
Office equipment		
Carrying amount at the beginning of the financial year	158	2,087
Additions	736	103
Transfers from capital works in progress	716	243
Depreciation	(487)	(575)
Impairment	-	(1,699)
Foreign currency movement	12	(1)
Transfer to held for sale	(544)	-
Carrying amount at the end of the financial year	**591**	**158**
Leased property, plant and equipment		
Carrying amount at the beginning of the financial year	34	714
Additions	30	-
Impairment	-	(481)
Amortisation	(154)	(199)
Transfer to held for sale	90	-
Carrying amount at the end of the financial year	**-**	**34**
Capital works in progress		
Carrying amount at the beginning of the financial year	3,003	1,002
Additions	2,521	2,770
Transfers to software/intangibles	-	-
Transfers to property, plant and equipment	(3,500)	(769)
Transfer to held for sale	(1,916)	-
Carrying amount at the end of the financial year	**108**	**3,003**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

7. INTANGIBLES

	Consolidated	
	2021 $'000	**2020 $'000**
Software at cost	41,238	40,342
Impairment losses	(26,882)	(26,882)
Accumulated amortisation	(2,268)	(1,070)
Transfer to held for sale	(12,088)	-
	-	**12,390**
Goodwill at cost	21,892	21,892
Impairment losses	(14,259)	(14,259)
	7,633	**7,633**
Brand names at cost	6,930	6,930
Impairment losses	(5,349)	(5,349)
Accumulated amortisation	(691)	(691)
Transfer to held for sale	(890)	-
	-	**890**
Intellectual property at cost	22,665	22,665
Impairment losses	(3,970)	(3,970)
Accumulated amortisation	(18,068)	(18,043)
Transfer to held for sale	(627)	0
	-	**652**
Patents and trademarks at cost	891	891
Accumulated amortisation	(891)	(891)
Total intangibles	**7,633**	**21,565**
Reconciliations		
Reconciliations of the carrying amounts for each class of intangible assets are set out below:		
Software		
Carrying amount at the beginning of the financial year	12,390	11,200
Additions	1,046	2,260
Transfer to P&L	(151)	-
Impairment losses	-	-
Amortisation	(1,197)	(1,070)
Transfer to held for sale	(12,088)	-
Carrying amount at the end of the financial year	**-**	**12,390**
Goodwill		
Carrying amount at the beginning of the financial year	7,633	12,556
Impairment losses	-	(4,923)
Carrying amount at the end of the financial year	**7,633**	**7,633**
Brand names		
Carrying amount at the beginning of the financial year	890	6,239
Impairment losses	-	(5,349)
Transfer to held for sale	(890)	-
Carrying amount at the end of the financial year	**-**	**890**
Intellectual property		
Carrying amount at the beginning of the financial year	652	4,966
Impairment losses	-	(3,970)
Amortisation	(25)	(344)
Transfer to held for sale	(627)	-
Carrying amount at the end of the financial year	**-**	**652**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

7. INTANGIBLES (continued)

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. Value-in-use was determined by discounting the future cash flows expected to be generated from the continuing use of the assets. Value-in-use as at 30 June 2021 was determined similarly to the 30 June 2020 goodwill impairment test and was based on the following key assumptions:

- Most recent forecast projections by key management for FY22 and subsequently reviewed by the Board
- Growth rates for year 2-5 of 2.5%, 2.1%, 2.1% and 2.1% (annually) (30 June 2020: year 2-5 of 2.5%, 2.1%, 2.1% and 2.1%)
- Terminal growth rate of 2.0% (30 June 2020: 2.0%); and
- Pre-tax nominal discount rate of 12.3% (30 June 2020: 12.3%).

The values assigned to the key assumptions represent the Group's assessment of future trends in the industry and are based on historical data from both external sources and internal sources.

The recoverable amount of the MaxiParts CGU were found to be in excess of its carrying value.

As the Trailer Solutions assets are classified as held for sale, the carrying value of the Trailer CGU is to be recognised in accordance with the applicable AASBs (including AASB 136) immediately before its initial classification as held for sale under AASB 5. An impairment loss relating to the disposal group was recognised and disclosed in note 25 (b).

Carrying amount of intangible assets as at 30 June 2021:

	Consolidated					
	Other Intangibles		Goodwill		Total	
Cash Generating Unit (CGU)	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Trailers	-	1,542	-	-	-	1,542
MaxiPARTS	-	-	7,633	7,633	7,633	7,633
Corporate	-	12,390	-	-	-	12,390
	-	**13,932**	**7,633**	**7,633**	**7,633**	**21,565**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

8. TRADE AND OTHER PAYABLES

	Consolidated 2021 $'000	2020 $'000
Trade payables	35,658	29,862
Other payables and accruals	8,864	11,292
Total trade and other payables	**44,522**	**41,154**

9. INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated 2021 $'000	2020 $'000
Current			
Other Interest bearing loans		-	147
Total current interest bearing liabilities		**-**	**147**
Non-current			
Bank loans – secured	22(e)	17,250	37,500
Total non–current interest bearing liabilities		**17,250**	**37,500**

Bank loans are subject to a floating interest rate. Interest rate swaps have been executed in respect of $15.5m (2020: $20.5m) of this debt in order to mitigate interest rate risk. Refer to note 24(b) for further details.

	Consolidated 2021 $'000	2020 $'000
Finance costs:		
– Interest on bank loans	1,177	2,090
– Finance lease charges	3	16
Total finance costs	**1,180**	**2,106**

10. PROVISIONS

	Consolidated 2021 $'000	2020 $'000
Current		
Employee entitlements	2,404	9,425
Warranty	640	2,688
Total current provisions	**3,044**	**12,113**
Non-current		
Employee entitlements	426	1,007
Total non-current provisions	**426**	**1,007**
Aggregate employee entitlements liability	**2,830**	**10,432**

Warranty and other provisions at 30 June 2021 is analysed as follows:	Warranty $'000
Carrying amount at 1 July 2020	2,688
Provisions made during the year	39
Provisions utilised / released during the year	(53)
Foreign Currency Exchange differences	(1)
Transferred to Held For Sale	(2,033)
Carrying amount at 30 June 2021	**640**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

11. ISSUED CAPITAL

	Number of Ordinary Shares	Share Capital $'000
Balance at 30 June 2020	185,075,653	56,386
Balance at 30 June 2021	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

	Consolidated	
	2021 $'000	**2020 $'000**
Earnings reconciliation		
Net profit attributable to equity holders of the Company	4,584	(35,492)
Basic earnings	**4,584**	**(35,492)**
From continuing operations	5,689	(4,877)
From discontinued operations	(1,105)	(30,615)
	4,584	**(35,492)**
Diluted Earnings	4,584	(35,492)
From continuing operations	5,689	(4,877)
From discontinued operations	(1,105)	(30,615)
	4,584	**(35,492)**

	2021 Number	**2020 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

FOR THE YEAR ENDED 30 JUNE 2021

13. DIVIDENDS

No dividends were declared or paid during the year and in the prior year comparative.

Dividend franking account	The Company 2021 $'000	 2020 $'000
Franking credits available to shareholders of MaxiTRANS Industries Limited for subsequent financial years	17,668	18,971

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 Segments: 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 Trailor Solutions segment is classified as discontinued operations, refer to note 25 for further details. The Parts business sells trailer and truck parts at both a wholesale and retail level in Australia.

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

FOR THE YEAR ENDED 30 JUNE 2021

14. SEGMENT INFORMATION (continued)

Year Ended 30 June 2021				
Business Segments	**Trailer Solutions ***	**MaxiPARTS**	**Corporate / Elim-inations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
External segment revenue	236,623	116,145	-	352,768
Inter-segment revenue	1,921	20,993	(22,914)	-
Total segment revenue	**238,544**	**137,138**	**(22,914)**	**352,768**
Total Revenue	**238,544**	**137,138**	**(22,914)**	**352,768**
Segment Result				
Segment (loss) / earnings pre associate, interest and significant items	**10,940**	**11,621**	**(6,828)**	**15,733**
Share of net profit of equity accounted investments	2,791	-	-	2,791
Interest income	-	-	-	-
Interest expense	(2,668)	(1,020)	(1,183)	(4,871)
Segment net (loss) / profit before tax (Excluding significant items)	**11,063**	**10,601**	**(8,011)**	**13,653**
Significant items, before tax				
Impairment loss - remeasurement of disposal group	(13,589)			(13,589)
Litigation settlement	-	-	7,200	7,200
Acquisition / Disposal / Transaction / Litigation costs	-	-	(2,043)	(2,043)
Segment net profit before tax (Including significant items)	**(2,526)**	**10,601**	**(2,854)**	**5,221**
Income tax benefit	-	-	(636)	(636)
Net profit after tax	**(2,526)**	**10,601**	**(3,490)**	**4,584**
Depreciation and amortisation	3,254	3,901	1,434	8,589
Total Depreciation and amortisation	**3,254**	**3,901**	**1,434**	**8,589**
Assets				
Segment assets	121,872	67,245	-	189,117
Unallocated corporate assets	-	-	52,030	52,030
Consolidated total assets	**121,872**	**67,245**	**52,030**	**241,147**
Liabilities				
Segment liabilities	98,654	36,801	-	135,455
Unallocated corporate liabilities	-	-	23,192	23,192
Consolidated total liabilities	**98,654**	**36,801**	**23,192**	**158,647**
Capital expenditure	5,863	236	-	6,100
Unallocated capital expenditure	-	-	47	47
Total capital expenditure	**5,863**	**236**	**47**	**6,147**

* The Trailer Solutions segment is a discontinued operation. Refer to note 25 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14. SEGMENT INFORMATION (continued)

Year Ended 30 June 2020				
Business Segments	**Trailer Solutions**	**MaxiPARTS**	**Corporate/ Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
External segment revenue	203,212	114,387	-	317,599
Inter-segment revenue	2,250	16,435	(18,685)	-
Total segment revenue	**205,462**	**130,822**	**(18,685)**	**317,599**
Total Revenue	**205,462**	**130,822**	**(18,685)**	**317,599**
Segment Result				
Segment (loss) / earnings pre associate, interest and significant items	**(2,074)**	**9,133**	**(5,305)**	**1,754**
Share of net profit of equity accounted investments	2,042	-	-	2,042
Interest income	-	-	44	44
Interest expense	(1,307)	(1,233)	(2,041)	(4,581)
Segment net (loss) / profit before tax (Excluding significant items)	**(1,339)**	**7,900**	**(7,302)**	**(741)**
Significant items, before tax				
ERP system implementation expenses	-	-	(50)	(50)
Impairment loss - Goodwill	(1,193)	(3,730)	-	(4,923)
Impairment loss - Other non-financial assets	(39,553)	-	-	(39,553)
Redundancy costs	(1,536)	(130)	(102)	(1,768)
Acquisition / Disposal / Transaction / Litigation costs	(173)	-	(2,706)	(2,879)
Segment net profit before tax (Including significant items)	**(43,794)**	**4,040**	**(10,160)**	**(49,914)**
Income tax benefit	-	-	14,422	14,422
Net profit after tax	**(43,794)**	**4,040**	**4,262**	**(35,492)**
Depreciation and amortisation	5,505	4,048	1,331	10,884
Total Depreciation and amortisation	**5,505**	**4,048**	**1,331**	**10,884**
Assets				
Segment assets	94,883	68,217	-	163,100
Unallocated corporate assets	-	-	58,442	58,442
Consolidated total assets	**94,883**	**68,217**	**58,442**	**221,542**
Liabilities				
Segment liabilities	64,428	33,497	-	97,925
Unallocated corporate liabilities	-	-	45,536	45,536
Consolidated total liabilities	**64,428**	**33,497**	**45,536**	**143,461**
Capital expenditure	2,615	96	-	2,711
Unallocated capital expenditure	-	-	384	384
Total capital expenditure	**2,615**	**96**	**384**	**3,095**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

14. SEGMENT INFORMATION (continued)

Reconciliation of information on reportable segments to the amounts reported in the financial statements

	Company	
	2021 $'000	2020 $'000
Revenue		
Total revenue for reportable segments	352,768	317,599
Elimination of discontinued operations	(238,180)	(204,853)
Consolidated Revenue	**114,588**	**112,746**
Profit before tax		
Total Profit before tax for reportable segments	8,075	(39,754)
Elimination of discontinued operations	3,105	44,502
Unallocated amounts:		
- Other corporate expenses	(2,854)	(10,160)
Consolidated PBT from continuing operations	**8,325**	**(5,412)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 2020 – 30 June 2023**	**1 July 2019 – 30 June 2022**	**1 July 2018 – 30 June 2021**
Grant date	23 Nov 2020	25 Oct 2019	19 October 2018
Total PRs issued	6,138,007	3,033,099	2,240,646
Total PRs forfeited	5,184,394	2,604,687	2,024,088
Total PRs remaining on issue	953,613	428,412	216,558
Base Return on Invested Capital (ROIC)	4.81%	1.66%	3.85%
Target ROIC	6.95%	6.95%	8.32%
Percentage increase in base ROIC required	30.9%	76.2%	53.7%
Minimum ROIC target that must be achieved for Performance Rights to vest	4.66%	6.55%	7.68%
Minimum service requirement	3 years from grant date	3 years from grant date	3 years from grant date

Details of PRs exercised	**1 July 2020 – 30 June 2023**	**1 July 2019 – 30 June 2022**	**1 July 2018 – 30 June 2021**
Total PRs issued	6,138,007	3,033,099	2,240,646
Total PRs forfeited	5,184,394	2,604,687	2,024,088
Total PRs exercised	-	-	-
Total PRs remaining on issue	953,613	428,412	216,558

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:

	2021	**2020**	**2019**
Fair value at grant date	35.90¢	21.88¢	43.91¢
Share price at grant date	36.00¢	22.00¢	52.00¢
Expected volatility	65.00%	55.00%	40.00%
Expected dividend yield	0.00%	0.00%	5.00%
Risk–free rate of return	0.10%	0.71%	2.06%

15. SHARE BASED PAYMENTS (continued)

		Consolidated	
Expense/(income) recognised in profit and loss	**2021 $'000**	**2020 $'000**	**2019 $'000**
Share based payments expense recognised	399	168	255
Share based payments reversed	(532)	(19)	(517)
Total share based payment expense/(income) recognised as employee costs	**(133)**	**149**	**(262)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 (resigned 23 November 2020)
– Ms S Hogg (resigned 19 March 2021)
– Ms M Verschuer
– Mr G Sedgwick (appointed 19 March 2021)

Executive directors
– Mr D Jenkins (Managing Director)

Executives
– Mr T Bradfield (Chief Financial Officer)
– Mr P Loimaranta (General Manager – MaxiPARTS and New Zealand)
– Mr T Negus (General Manager – Manufacturing)

Directors' transactions in shares

Directors and their related entities did not acquire (2020: 720,837) 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 $35,316,543 (2020: $28,2510,370) for the sale of new units, parts and the provisions of services. Amounts receivable from the associate at year-end total $801,112 (2020: $597,605).

During the year the Group paid for services and parts from the associate totalling $14,015,267 (2020: $13,371,439). Amounts owing at year-end total $839,417 (2020: $646,507).

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	
	2021	**2020**
Short–term employee benefits	2,146,613	2,651,584
Post–employment benefits	203,912	239,991
Share based payment benefits/(income)	(81,497)	126,086
	2,269,028	**3,017,662**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

17. PARENT ENTITY

As at 30 June 2021 and throughout the financial year ending on that date, the parent company of the Group was MaxiTRANS Industries Limited.

	Company	
		Restated*
	2021	2020
	$'000	$'000
Results of the parent company		
Profit/(loss) for the year continuing operations.	78,600	976
Total comprehensive income	**78,600**	**976**
Financial position of the parent company		
Current assets	92,714	17,843
Total assets	132,979	75,188
Current liabilities	1,419	1,845
Total liabilities	18,669	39,345
Net assets	**114,310**	**35,843**
Total equity of the parent company comprising of:		
Issued capital	56,386	56,385
Reserves	363	496
Retained earnings	57,561	(21,038)
Total equity	**114,310**	**35,843**

* The comparative information is restated due to the discontinued operation. See note 25.

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

FOR THE YEAR ENDED 30 JUNE 2021

18. CONTROLLED ENTITIES

MaxiTRANS Industries Limited	Country of Incorp	Class of Shares	Interest Held 2021 %	Interest Held 2020 %
Controlled entities of MaxiTRANS Industries Limited:				
MaxiTRANS Australia Pty Ltd	Aust.	Ord.	100	100
–Transport Connection Pty Ltd	Aust.	Ord.	100	100
–MaxiTRANS Services 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 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

[(i)] Dormant entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

19. 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 2021 is set out as follows:

Consolidated statement of comprehensive income	**2021 $'000**	**Restated* 2020 $'000**
Continuing Operations		
Total revenue	114,588	112,746
Changes in inventories of finished goods and work in progress	39	(134)
Raw materials and consumables used	(76,633)	(75,708)
Other income	7,238	40
Employee expenses	(19,735)	(18,400)
Warranty expenses	(39)	(274)
Depreciation and amortisation expenses	(4,017)	(4,186)
Finance costs	(2,198)	(3,339)
Other expenses	(10,916)	(12,427)
Impairment loss	-	(3,730)
Share of net profits of joint ventures accounted for using the equity method	-	-
Profit/(loss) before income tax from continuing operations	8,327	(5,412)
Income tax (expense)/benefit	(2,636)	535
Profit/(Loss) from continuing operations	**5,691**	**(4,877)**
Discontinuing Operations		
Loss from discontinuing operations before income tax	(4,146)	(45,315)
Income tax (expense)/benefit from discontinuing operations	2,000	13,887
Profit/(Loss)for the year	**3,545**	**(36,304)**
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	18	(140)
Cashflow hedge reserve	227	28
Items that will never be reclassified to profit or loss:		
Revaluation of land and buildings	(397)	1,476
Related tax	119	(443)
Other comprehensive income/(loss) for the year, net of tax	(33)	921
Total comprehensive income for the year	**3,512**	**(35,383)**
Profit attributable to:		
Equity holders of the company	3,545	(36,304)
Total comprehensive income attributable to: Equity holders of the company	3,512	(35,383)

* The comparative information is restated due to the discontinued operation. See note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

19. DEED OF CROSS GUARANTEE (continued)

Consolidated statement of financial position	Consolidated	
	2021 $'000	**2020 $'000**
Current Assets		
Cash and cash equivalents	22,442	25,523
Trade and other receivables	27,741	22,011
Inventories	27,148	57,141
Current tax assets	-	1,954
Other	262	1,898
Assets held for sale	109,685	-
Total Current Assets	**187,278**	**108,527**
Non-Current Assets		
Investment in joint venture	-	11,154
Investments in controlled entities	2,903	2,903
Property, plant and equipment	1,901	29,441
Intangible assets	7,632	21,565
Right of use asset	16,845	24,995
Deferred tax assets	20,924	19,846
Total Non-Current Assets	**50,205**	**109,904**
Total Assets	**237,483**	**218,431**
Current Liabilities		
Trade and other payables	43,200	44,902
Interest bearing loans and borrowings	-	147
Current tax liability	576	-
Provisions	3,201	11,842
Lease liability	3,379	5,833
Liabilities held for sale	73,436	
Total Current Liabilities	**123,792**	**62,724**
Non-Current Liabilities		
Interest bearing loans and borrowings	17,250	37,500
Deferred tax liabilities	-	-
Provisions	269	1,007
Lease liability	14,264	39,670
Total Non-Current Liabilities	**31,783**	**78,177**
Total Liabilities	**155,575**	**140,901**
Net Assets	**81,908**	**77,530**
Equity		
Issued capital	56,386	56,386
Reserves	16,182	16,348
Retained profits	9,340	4,796
Total Equity	**81,908**	**77,530**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

20. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of cash flows from operating activities with operating profit/(loss) after tax	Consolidated	
	2021 $'000	2020 $'000
Profit/(loss) for the year	4,584	(35,492)
Non-cash items in operating profit		
Depreciation and amortisation of assets	8,589	10,884
(Gain)/loss on sale of property, plant and equipment	1,333	(35)
AASB16 lease Interest	3,691	2,475
Gain on derecognition of ROU asset	(1,936)	-
Impairment loss	13,589	44,476
Share of net profits of associates accounted for using the equity method	(2,791)	(2,042)
Share based payments (income)/expense	(133)	149
Change in assets and liabilities		
(Increase)/decrease in receivables	(6,522)	15,836
(Increase)/decrease in other assets	156	1,883
(Increase)/decrease in inventories	2,051	5,751
Increase/(decrease) in trade payables and other liabilities	5,805	(2,126)
Increase/(decrease) in current tax assets	2,176	(1,186)
Increase/(decrease) in deferred taxes	(605)	(9,431)
Increase/(decrease) in provisions	1,839	245
Net cash provided by / (used in) operating activities	**31,826**	**31,387**

The reconciliation includes operating cash flows from both continued and discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

21. CAPITAL AND LEASING COMMITMENTS

(a) Right-of-use assets

		Consolidated	
	Land and buildings	Other assets	Total
	$'000	$'000	$'000
Balance at 1 July 2020	22,845	2,386	25,231
Additions during the year	29,580	6,784	36,364
Disposals during the year	-	(494)	(494)
Depreciation charge for the year	(4,309)	(1,285)	(5,594)
Transfer to held for sale	(32,828)	(5,834)	(38,661)
Balance as at 30 June 2021	**15,289**	**1,556**	**16,845**

		Consolidated	
	Land and buildings	Other assets	Total
	$'000	$'000	$'000
Balance at 1 July 2019	-	-	-
Additions on transition	41,027	1,638	42,665
Additions during the year	1,833	8,536	10,369
Impairment	(14,783)	(6,110)	(20,893)
Depreciation charge for the year	(5,232)	(1,678)	(6,910)
Balance as at 30 June 2020	**22,845**	**2,386**	**25,231**

(b) Lease liabilities

	Consolidated
	Total
	$'000
Balance at 1 July 2020	47,050
Additions during the year	14,082
Interest expense	3,691
Payments	9,912
Transfer to held for sale	(57,092)
Balance as at 30 June 2021	**17,643**

	Consolidated
	Total
	$'000
Balance at 1 July 2019	-
Additions on transition	42,665
Additions during the year	10,439
Interest expense	2,475
Payments	(8,529)
Balance as at 30 June 2020	**47,050**

(c) Amounts recognised in profit or loss

	Consolidated	
	2021	2020
	$'000	$'000
Depreciation expense of right-of-use assets	3,471	3,551
Interest expense on lease liabilities	1,021	1,233
Total	**4,492**	**4,784**

(d) Capital expenditure commitments

	Consolidated	
	2021	2020
	$'000	$'000
Payable		
– not later than 1 year	1,123	737
Total capital expenditure commitments	**1,123**	**737**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

22. 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.

23. 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	
	2021 $'000	2020 $'000
Borrowings – fixed rate	-	13,897
Borrowings – floating rate	17,250	23,750
	17,250	**37,647**

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:

	2021 $'000	2020 $'000
100bp increase	(121)	(166)
100bp decrease	121	166

(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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Buy USD Dollar	0.7638	0.6681	6,777	4,958	8,873	7,420	135	(188)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

23. 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	
	2020	**2020**
	$'000	**$'000**
USD 10.0 cents increase	719	(676)
USD 10.0 cents decrease	(719)	676

(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 $3,431,180 (2020: $3,629,950) are held by Commonwealth Bank of Australia.

(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's liquidity management policies include Board approval of all changes to debt facilities including the terms of fixed rate debt as well as robust management practices in short and long term cashflow management.

The Group has focused on reducing debt over the last financial year, which has seen a reduction in net debt (total borrowings less cash on hand) of $17,316k to a positive net cash position of ($5,192k) (2020: $12,124k).

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.

	Carrying Amount	6 months or Less	6–12 Months	1–2 Years	2–5 Years	5+ Years
30 June 2021 – Consolidated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables and accruals	(44,522)	(44,522)	-	-	-	-
Borrowings	(17,250)	-	-	(17,250)	-	-
Lease Liability	(17,643)	(1,799)	(1,719)	(3,108)	(6,525)	(4,492)
Effect of derivative instruments						
Forward exchange contracts						
– inflow	13,048	13,048	-	-	-	-
– outflow	(13,192)	(13,192)	-	-	-	-
	(79,559)	**(46,465)**	**(1,719)**	**(20,358)**	**(6,525)**	**(4,492)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

23. FINANCIAL INSTRUMENTS (continued)

30 June 2020 – Consolidated	Carrying Amount $'000	6 months or Less $'000	6–12 Months $'000	1–2 Years $'000	2–5 Years $'000	5+ Years $'000
Trade and other payables and accruals	(41,154)	(41,154)	-	-	-	-
Borrowings	(37,647)	(147)	-	(37,500)	-	-
Lease Liability	(47,050)	(3,839)	(3,522)	(6,482)	(15,002)	(18,205)
Effect of derivative instruments						
Forward exchange contracts						
– inflow	7,779	7,779	-	-	-	-
– outflow	(7,589)	(7,589)	-	-	-	-
	(125,661)	**(44,950)**	**(3,522)**	**(43,982)**	**(15,002)**	**(18,205)**

Finance facilities

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

	Facility Amount		Utilised		Available	
Consolidated	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Loan facility	24,000	43,750	17,250	37,500	6,750	6,250
Overdraft facility	4,960	4,500	-	-	4,960	4,500
Multi-option facility	5,040	5,500	3,431	3,630	1,609	1,870
	34,000	**53,750**	**20,681**	**41,130**	**13,319**	**12,620**

Commonwealth Bank of Australia and HSBC Bank are the Group's 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 $25.19m as at 30 June 2021. Land and buildings have been classified as held for sale as at 30 June 2021, refer to note 25 for further details.

Australian and New Zealand loan facilities of $34.00m mature as follows, subject to continuing compliance with the terms of the facilities:

– $4.96m in July 2021 (overdraft facility)
– $5.04m in July 2021 (multi-option facility)
– $24.00m in September 2022 (loan facility)

Interest rates are a combination of fixed and variable.

The group was not in breach of any debt covenants in the financial reporting period ending 30 June 2021; the Groups forecast indicates that the Group will continue to comply with all covenants in the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

23. FINANCIAL INSTRUMENTS (continued)

(e) 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 2021.

- 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	
	2021 $'000	**2020 $'000**
Derivative assets	-	-
Derivative liabilities	73	731

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.

Land and buildings are recorded as assets held for sale as at 30 June 2021, the fair value is based on the market value determined by the arm's length transaction to sell the land and buildings.

The following table present changes in the fair value of land and buildings during FY21.

	Consolidated Land and Buildings
Opening balance as at 1 July 2020	25,700
Fair value revaluation	(393)
Depreciation	(114)
Transfer to held for sale	(25,193)
Closing balance as at 30 June 2021	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

24. REMUNERATION OF AUDITOR

Remuneration of auditor	Consolidated 2021 $	2020 $
KPMG Australia:		
– auditing and reviewing the financial statements - Group	451,718	467,827
– auditing and reviewing the financial statements - controlled entities	37,084	-
– other services (taxation and advisory)	261,696	136,070
	750,498	**603,897**
Overseas KPMG Firms:		
– auditing and reviewing financial statements	-	42,084
– other services (taxation and advisory)	18,090	10,625
	18,090	**52,709**
Total auditor remuneration	**768,588**	**656,606**

25. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups 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 asset and disposal groups are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets and disposal groups 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.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(a) Disposal group held for sale – Trailer Solutions Business and Properties

On 23 July 2021, the Group announced it entered into agreements to sell its Trailer Solutions Business and Ballarat property to Australian Trailer Solutions Group Pty Ltd for an enterprise value of $30.26m subject to shareholder approval and other conditions precedent.

In addition, the Group is in advanced discussions to sell its Derrimut and Hallam properties to a third party for cash consideration of $18.05m. The sale of these properties will be subject to completion of the sale of Trailers. The Trailer Solutions Business and the properties located in Ballart, Derrimut and Hallam are collectively referred to as the Trailer disposal group.

The sale of the Trailer disposal group is considered highly probable at 30 June 2021 given the sufficiently advanced progress of negotiations. Therefore, at 30 June 2021, the Trailer segment and properties was classified as a disposal group held for sale. Due to the significance of the operations, and financial contribution, of the Trailer segment to the Group, the Trailer segment has also been presented as discontinued operations.

(b) Impairment losses relating to the disposal group

The net assets for the Trailer disposal group have been revalued to its fair value less costs to sell in accordance with the accounting standards. The fair value has been calculated based on information available to the Group as at 30 June 2021, comprising: the enterprise value of the disposal group, the market value of the properties, less selling costs and adjustments for the Group's working capital as at 30 June 2021 resulting in, impairment losses of $13.59m which, have been included in the Groups consolidated statement of profit or loss. The impairment losses have been applied to reduce the carrying amount of property, plant and equipment, intangible asset, right of use assets investment in associates and investment in joint ventures within the disposal group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

25. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(c) Assets and liabilities of disposal group held for sale

At 30 June 2021, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	Note	2021 $'000
Assets held for sale		
Inventories		29,273
Other		1,480
Investment in associates and Joint Ventures	25f	9,075
Property, plant and equipment		3,994
Land and buildings		25,193
Intangible assets		10,910
Right of use asset		30,999
Total assets held for sale		**110,924**
Liabilities held for sale		
Other Liabilities		6,927
Provisions		11,167
Lease liability		57,092
Total liabilities held for sale		**75,186**
Net assets held for sale		**35,738**

The non-recurring fair value measurement for the disposal group of $35.738m (before costs to sell) has been categorised as Level 3 and the fair value reflects the use of directly unobservable market inputs including assumptions about working capital. The fair value is based on the market value determined by the arm's length transaction to sell the disposal group.

(d) Results of the discontinued operations

	2021 $'000	2020 $'000
Discontinued operation		
Revenue	238,180	204,853
Other income	10,492	7,349
Impairment loss - remeasurement of disposal group	(13,589)	-
Impairment loss - goodwill, intangible assets and fixed assets	-	(40,747)
Expenses	(238,188)	(218,064)
Loss before income tax	**(3,105)**	**(46,608)**
Income tax benefit	2,000	13,887
Loss from discontinued operation, net of tax	**(1,105)**	**(32,721)**

The cumulative revaluation of land and buildings (net of tax) recognised in other comprehensive income in relation to the discontinued operations as at 30 June 2021 was $13.72m.

	Consolidated 2021 $'000	2020 $'000
Basic earnings		
From discontinued operations	(1,105)	(32,721)
	(1,105)	**(35,492)**
Diluted Earnings		
From discontinued operations	(1,105)	(32,721)
	(1,105)	**(32,721)**
Earnings / (Loss) per share from discontinued operations:		
Basic earnings per share (cents per share)	-0.60	-19.18
Diluted earnings per share (cents per share)	-0.60	-19.18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

25. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(e) Net cash flows from the discontinued operations

	2021 $'000	2020 $'000
Discontinued operation		
Net cash inflows from operating activities	13,529	16,082
Net cash inflows from investing activities	(4,410)	(3,107)
Net cash inflows from financing activities	(3,337)	(5,633)
Net cash from discontinued operation	**5,783**	**7,342**

(f) Investment in associates and joint ventures

The following investment in associates and joint ventures are classified as assets held for sale and the share of associated profits are recognised as discontinued operations.

Name of Entity	Principal Activity		Ownership 2021 %	Ownership 2020 %
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 (Trout River)	Manufacturer and supplier of live bottom trailers.	Joint Venture	80.00	80.00

	Trailer Sales Pty Ltd $'000	Australasian Machinery Sales Pty Ltd $'000	Total $'000
Interest in associate at 1 July 2020	3,898	7,256	11,153
Share of associate profit recognised	1,589	1,202	2,791
Impairment	(795)	(1,448)	(2,243)
Dividends received	(1,474)	(1,152)	(2,626)
Interest in associate at 30 June 2021	**3,217**	**5,858**	**9,075**

(f1) Events subsequent to balance date in relation to Trout River

On 1 July 2021, the Group acquired 20% of the shares and voting interests in Trout River for a total cash consideration of $2.80m. As a result, the Group's equity interest in Trout River increased from 80% to 100%, granting it control of Trout River.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Trout River are inputs (a head office, manufacturing equipment, patented technology, inventory, and customer relationships), production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue, the Group has concluded that the acquired set is a business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

25. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(f2) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

as at 1 July 2021	$'000
Current assets	
Cash and cash equivalents	2,328
Trade and other receivables	1,878
Inventories	1,778
Current tax assets	51
Total Current Assets	**6,035**
Non-Current Assets	
Property, plant and equipment	225
Intangible assets	3
Total Non-Current Assets	**228**
Total Assets	**6,263**
Current liabilities	
Trade and other payables	657
GST liability	161
Current tax liability	266
Payroll Liabilities	360
Provisions	646
Total Current Liabilities	**2,090**
Total Liabilities	**2,090**
Net Assets	**4,173**

The fair value of material assets acquired are measured consistent with the Group's accounting policies detailed in note 1 statement of significant accounting policies.

(f3) Goodwill

Goodwill arising from the acquisition of Trout River is as follows:

	$'000
Consideration transferred	2,800
Investment at 30 June 2021	5,858
Fair value of identifiable net assets	(4,173)
Goodwill	**4,484**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

26. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual reporting periods beginning after 1 July 2021 and earlier application is permitted; the following amended standards and interpretations have not been early adopted by the Group are not expected to have a significant impact on the Group's consolidated financial statements.

(a) Onerous contracts – Cost of Fulfilling a Contract (Amendments to AASB 137)
The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amends is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

(b) Interest Rate Benchmark Reform – Phase 2 (Amendments to AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practice relief from certain requirements in AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

(c) Other standards
The following new and amendment standards are not expected to have a significant impact on the Group's consolidated financial statements.

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to AASB 136)*
- *Reference to Conceptual Framework (Amendments to AASB 3)*
- *Classification of Liabilities as Current or Non-current (Amendments to AASB 101)*
- *AASB 17 Insurance Contracts and amendments to AASB 17 Insurance Contracts.*

27. EVENTS SUBSEQUENT TO BALANCE DATE

On 1 July 2021, the Group acquired 20% of the shares and voting interests in Trout River for a total cash consideration of $2.80m. As a result, the Group's equity interest in Trout River increased from 80% to 100%, granting it control of Trout River.

On 23 July 2021, the Group announced it entered into agreements to sell its Trailer Solutions Business and Ballarat property to Australian Trailer Solutions Group Pty Ltd for an enterprise value of $30.26m subject to shareholder approval and other conditions precedent. In addition, the Group is in advanced discussions to sell its Derrimut and Hallam properties to a third party for cash consideration of $18.05m.

Refer to note 25 for further details on the acquisition of Trout River, sale of the Trailer Solutions Business and sale of properties.

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 2021 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 2021
- Consolidated statement of profit or loss and 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 MaxiTRANS Industries Limited (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 (including Independence Standards) (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.

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.

Valuation, classification and presentation of Trailer Solutions business and Ballarat, Derrimut and Hallam properties (Assets held for sale - $110.9m, Liabilities held for sale - $75.2m, Loss from discontinued operation, net of tax - $1.1m)

Refer to Note 25 Disposal Group Held for Sale and Discontinued Operations

The key audit matter	How the matter was addressed in our audit
As at 30 June 2021, the Group was in the process of divesting its Trailer Solutions business and the Ballarat, Derrimut and Hallam properties (together referred to as the Trailer Solutions business and properties). The valuation, classification and presentation of the Trailer Solutions business and properties is a key audit matter due to: • the proposed divestment being significant to the understanding of the financial performance and financial position of the Group; • the size of the impairment charge; • the level of audit effort to evaluate the judgement applied by the Group in assessing the probability of the divestments. These judgements are key to classification of the items as held for sale, rather than in their original asset and liability categories, and use the principles-based criteria in the accounting standards; and • the level of audit effort to evaluate judgements applied by the Group in considering the treatment of specific items as discontinued or not, using the criteria in the accounting standards.	Our procedures included: • We read the terms of the signed agreements to understand the terms and conditions of the disposals. • We assessed the Group's reasoning for the Trailer Solutions business and properties to be recognised and measured as held for sale, that is, the high probability of recovery through sale. Using the criteria in the accounting standards, we checked the signed agreements for authenticity, publicly available financial information of the counter-party for risk of default, and applying our industry knowledge and experience, assessed the feasibility of parties meeting the conditions of settlement. • We evaluated the treatment of a sample of specific items as discontinued. Using the terms and conditions of the signed agreements, in particular the descriptions of the business and properties being sold and asset listings contained therein, we compared these to the Group's sub-listing of asset and liability items presented in the financial report as discontinued. For a sample, we also checked underlying Group records for how the item was historically used, by reference to the activities of the Trailer Solutions business or properties. We did this to assess the appropriateness of their classification as discontinued against the criteria for discontinued operations in the accounting standards. • We checked the impairment charge by re-performing a comparison of the carrying value of the attributed disposal assets and liabilities from the trial balance amounts to their recoverable amount; obtained by reference to the consideration as per

	the signed agreements. • We checked the Group's comparative disclosures for restating amounts as discontinued against the requirements of the accounting standards, and knowledge obtained from the testing of specific items attributed as discontinued described above. • We evaluated the disclosures including the classification of the assets and liabilities as 'held for sale' and its presentation as a 'discontinued operation' against the criteria in the accounting standards. We challenged the inclusion or not of amounts using their features and their role in the continuing business.

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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2021, 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 9 to 15 of the Directors' report for the year ended 30 June 2021.

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

20 August 2021

AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders

The names of Company's substantial shareholders and the number of shares in which each has a relevant interest, as disclosed in substantial holding notices received by the Company as at 31 July 2021 are:

	Ordinary Shares
Transcap Pty Ltd and related parties	24,943,030
HGT Investments Pty Ltd	20,250,000
Spheria Asset Management	11,493,808
Pinnacle Investment Management Group Limited and its subsidiaries	9,551,557

Voting rights

As at 31 July 2021, there were 3,011 holders of ordinary shares of the Company.

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

(a) every shareholder may vote;

(b) on a show of hands every shareholder has one vote;

(c) on a poll every shareholder has:

- (i) one vote for each fully paid share; and
- (ii) for each partly paid share held by the shareholder, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) on the share.

As at 31 July 2021, there were no unquoted options over unissued ordinary shares.

Distribution of shareholders
As at 31 July 2021

Category - no. of shares	No. of shareholders	Units	% of issued capital
1 - 1000	390	189,277	0.1%
1,001 – 5,000	782	2,310,100	1.3%
5,001 – 10,000	511	4,112,076	2.2%
10,001 – 100,000	1,109	39,096,553	21.1%
100,001 – over	219	139,367,647	75.3%
Total	**3,011**	**185,075,653**	**100.0%**

Shareholders with less than a marketable parcel
As at 31 July 2021, there were 235 shareholders holding less than a marketable parcel of 690 ordinary shares (based on the closing share price of $0.725 on 31 July 2021) in the Company totalling 46,683 ordinary shares.

On market buy-back
There is no current on-market buy-back.

AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

TWENTY LARGEST SHAREHOLDERS – ORDINARY SHARES AS AT 31 JULY 2021		
Name	Units	% of Units
1 HGT INVESTMENTS PTY LTD	20,000,000	10.81%
2 TRANSCAP PTY LTD	14,940,739	8.07%
3 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,334,168	6.66%
4 CITICORP NOMINEES PTY LIMITED	6,339,538	3.43%
5 TOROA PTY LTD	4,668,491	2.52%
6 ANACACIA PTY LTD (WATTLE FUND A/C)	3,527,700	1.91%
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,031,255	1.64%
8 TRANSCAP PTY LTD	2,994,810	1.62%
9 MR PETER ZINN (CAROL ZINN FAMILY NO2 A/C)	2,976,840	1.61%
10 CUSTODIAL SERVICES LIMITED (BENEFICIARIES HOLDING A/C)	1,870,755	1.01%
11 JOHN E GILL TRADING PTY LIMITED	1,571,933	0.85%
12 GOTTERDAMERUNG PTY LIMITED (GOTTERDAMERUNG FAMILY A/C)	1,500,000	0.81%
13 HORRIE PTY LTD (HORRIE SUPERANNUATION A/C)	1,500,000	0.81%
14 MR ERIC DEAN ROSS (THE ROSELLINOS S/FUND A/C)	1,406,540	0.76%
15 JOHN E GILL OPERATIONS PTY LTD	1,391,657	0.75%
16 JAMES R CURTIS	1,328,439	0.72%
17 RAIN CAPITAL PTY LTD (PULLEN FAMILY A/C)	1,325,000	0.72%
18 HILLMORTON CUSTODIANS PTY LTD (THE LENNOX UNTI A/C)	1,311,000	0.71%
19 MAHATA PTY LTD (THE CURTIS FAMILY A/C)	1,222,392	0.66%
20 BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD (DRP A/C)	1,190,536	0.64%
Total ordinary fully paid shares - top 20 holders	**86,431,793**	**46.71%**
Total remaining holders balance	**98,643,860**	**53.29%**